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BASIC RESEARCH

The Horizontal Challenge:

Line Departments, Central Agencies and Leadership

Herman Bakvis and
Luc Juillet

CANADA SCHOOL OF PUBLIC SERVICE
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A Word From the Canada School of Public Service

Working horizontally is an issue of ongoing importance for the public service. Indeed, since the mid-1990s, horizontal management has been promoted across the public service, and, in response, numerous "how-to" tools have been developed. This publication is not another how-to document. Rather, it examines many of the assumptions that underlie horizontal management, and applies a critical lens to the existing processes and mechanisms for working horizontally.

As part of the research commenced in April 2003, the authors examine four case studies, each of which was initiated prior to 2002. The authors explore the factors and perceptions driving the call for managers to be more horizontally aware. They look at the costs and benefits and the challenges of maintaining vertical accountability when working horizontally. Perhaps of most significance, they explore the perceptions of the players responsible for advancing horizontal initiatives in both line departments and central agencies, including the challenges they faced and what they believe did and did not work well.

While this research only touches upon a number of important issues, it provides significant value by identifying lessons learned and suggesting several areas for further research. It also proposes interesting recommendations for public servants' consideration and debate.

Overall, this publication approaches horizontality from a fresh perspective, often raising uncomfortable questions in the hope of improving public servants' understanding of the various issues. Is the research definitive... complete... the final word? No, but it takes an important step in a longer journey, launching us into an essential and constructive dialogue that holds the potential for improving how we work horizontally.

The Canada School of Public Service is pleased to make this new publication available.

Janice Cochrane
President

Executive Summary

A major preoccupation in the Government of Canada over the past decade has been the management of horizontal issues and initiatives. Starting with the "Deputy Minister Task Forces: From Studies to Action" in 1996, followed by "lessons learned" and how-to guides on managing collaborative arrangements from the Canadian Centre for Management Development (CCMD) and Treasury Board Secretariat (TBS), public servants have come under considerable and increasing pressure to work collaboratively in helping to resolve major policy issues. As evidenced by the government's recent Speeches from the Throne, this concern has been given added impetus by the growth in the number of significant cross-cutting issues continually being added to the government's agenda, ranging from climate change, to the urban fiscal crisis, to domestic and international security. In light of these developments, there are questions about whether the federal government has in place the necessary structures, human resources and culture to deal with horizontal issues in an effective manner.

Using four case studies as a focus—the Innovation Strategy, the Urban Aboriginal Strategy (UAS), the Climate Change Secretariat (CCS), and the Vancouver Agreement (VA)—this study reviews horizontal practices and structures that have evolved over the past decade, the results of these practices, and their effectiveness with respect to desired outcomes. The study examines six areas: the changing nature of policy domains and management philosophies as drivers of horizontal initiatives; the catalysts and champions of horizontal initiatives; the debate over the costs and benefits as a factor in the adoption of horizontal practices; the tools and resources available for use in specific situations; the role of central agencies in providing support and leadership to horizontal initiatives; and the issue of accountability. A total of 21 senior federal officials in both line departments and central agencies were interviewed for the study.

The conclusions with respect to the six areas are:

- Policy Domains and Management Philosophies: The arrival of new networking technologies, the increasing willingness of public servants to work across boundaries, the legacy of the New Public Management of the 1980s and

1990s with its emphasis on streamlining and client-focused service delivery, and the rise of major policy issues that can only be tackled in a horizontal fashion are seen as both contributing to the need for and facilitating the acceptance of working collaboratively across departmental boundaries.

- Catalysts and Champions: Both in the implementation and the management of horizontal initiatives, the role of specific individuals in championing the project, in finding innovative solutions and in finding resources, appeared to be the more important determinants of success.

- Costs and Benefits: Respondents indicated that the costs of working horizontally were often underestimated. Some of the identified costs include increased meeting time, the challenge of creating a shared vision and framework, the need to compromise, increased volumes in paper work, more complex accountability arrangements, the development of shared performance indicators, and more complex reporting requirements. Notably, it was stressed by a majority of respondents that in most instances there was no choice but to work horizontally: in the absence of interdepartmental collaboration, the initiative in question could not be implemented.

- Tools and Resources: Interviewees were often critical regarding the accessibility and benefit of the tools available to them, although it was not always clear to what extent they had actually used them and what they felt the specific strengths and weaknesses were. With respect to human resources, the research indicates that working horizontally requires new capacities such as negotiation, communication and mediation skills.

- The Role of Central Agencies: Central agencies play a critical role in large-scale horizontal initiatives; however, agencies such as the Privy Council Office (PCO) and Treasury Board Secretariat have at times appeared uncertain as to their proper role with respect to initiating, sustaining, resourcing, coordinating, and monitoring horizontal initiatives. The perception of a lack of coherent and consistent leadership on the part of central agencies and a failure to realize that departments had only a limited capacity to overcome interdepartmental differences appeared to be the greatest source of frustration indicated by those directly involved in horizontal ini-

tiatives. The limited effectiveness of central agencies in part reflects the inability of ministers and cabinet committees to work together on some of the government's major horizontal policy files.

- Accountability: Effective accountability involves giving an account for one's actions and being held responsible for those actions, but this is complicated when initiatives cut across hierarchical responsibilities. Those in line departments had only limited appreciation of the dual nature of accountability; that is, while there was often a clear sense of what was required within one's own department, the same was not true for broader government-wide corporate responsibilities.

The study makes recommendations with respect to both central agencies and line departments.

Noting the need for a greater role for central agencies, particularly the PCO, the research suggests there are three areas where improvements could be made:

- mandate: providing more details on what departments are expected to do, particularly on substance and expected outcomes.
- authority and reporting: clearly spelling out the authority with which departments, or new structures, are to be endowed. Secretariats headed by officials at the deputy minister level (as limited as they may need to be) reporting directly to the Clerk would be a way to strengthen both authority and reporting.
- ongoing support, which could be strengthened in four ways:
  - deeper policy expertise in central agencies so that officials—as well as relevant ministers from departments and agencies—can become more substantively engaged throughout the life of a project;
  - strategic timing of funding to help motivate departments and ensure that results are consistent with the objectives of the initiative;
  - accountability frameworks that reduce the paper burden and better reconcile horizontal and vertical reporting requirements; and
  - a management culture that relies less on command and control and more on financial incentives, continual monitoring, and ongoing consultation and engagement. Performance reviews and agreements that more explicitly capture the need to work horizontally could also go some way towards initiating a culture shift.

With respect to line departments, participants working in these entities are most likely to feel as if they are "pulling against gravity" when working horizontally. This problem can be addressed in a number of ways:

- by developing accountability regimes that better facilitate horizontal practices between departments;
- by choosing horizontal projects carefully and strategically;
- by recruiting staff with "horizontal skills" (e.g. financial management, mediation and negotiation skills, creativity, patience) and nurturing these skills in others; and
- by creating a special unit within departments tasked with supporting horizontality through training, advice, good practices and the promotion of a horizontal culture.

Introduction

The reasons for engaging in horizontal activities are many and varied. In the main, however, the reasons cited by figures ranging from Clerks of the Privy Council such as Jocelyne Bourgon and Mel Cappe to the present Prime Minister is that, given the interdependent and crosscutting nature of items on the government's agenda, key policy objectives cannot be achieved without several different agencies, governments and external partners working together. The 2002 Speech from the Throne, for example, listed no less than nine priority areas, ranging from "life chances for Aboriginals" to "competitive cities and healthy communities," where the capacity to work collaboratively in a horizontal manner is critical to achieving successful outcomes. In reinforcing many of these themes, the 2004 Speech from the Throne announced, among other things, the creation of a new secretariat as well as an advisory committee on urban issues, one of the more prominent items on the present government's agenda.

In brief, in a sense there is now a new reality where the preponderance of critical management and policy issues have become horizontal rather than vertical. As a consequence, there are questions about how well equipped the federal government is to deal with this new reality, whether it has in place the necessary structures, human resources and culture to deal with horizontal issues in an effective manner. It is the aim of this paper, therefore, to explore the extent to which there is a "new reality," and how well prepared the public service is to deal with it.

We will review the factors that have given rise to particular forms of horizontality in the current setting—that is, the practices and structures that have evolved over the past decade, some of the actual experiences and results of these practices, and their effectiveness with respect to desired outcomes. More specifically, we will examine six areas:

- the changing nature of policy domains and management philosophies as drivers of horizontal initiatives (i.e., the "what," "why," "when," and "how" of horizontal initiatives);
- the specific catalysts leading to horizontal practices;

- the debate over the costs and benefits as a factor in the adoption of horizontal practices;
- the tools and resources accessible to managers working in a horizontal environment;
- the role of central agencies in horizontal initiatives; and
- the issue of accountability.

As will become apparent in our analysis, there is considerable evidence of tension between central agencies and line departments (and within departments between regional offices and headquarters in Ottawa) when it comes to launching, implementing and supporting horizontal initiatives. Thus, on the issue of how well equipped the federal government is to deal with horizontal issues, questions arise over the central agency-departmental relationship. Much of our analysis, and our recommendations, will therefore be focused on the role of central agencies in relation to departments. The specific topics covered in this respect comprise the nature of support extended to horizontal initiatives and the expectations that those involved in such initiatives have of central agencies.

Scope

There is an extensive literature on horizontal management theory and practices, including the examination of numerous cases (Juillet 2000; Canada 2001, 2002c; Bourgault 2002), evidence that governments, practitioners and academics are taking this topic seriously. Our paper will make use of this material, with the aim of drawing broader lessons from these numerous case studies. We will, however, also add four brief case studies of our own, doing so for two reasons. First, some of the specific issues, such as the cost-benefit analysis, typically have not been the focus of these previous studies. Secondly, most of the studies have centred on examples of horizontality out in the field, such as the role of the federal regional councils. Much less work has been done on horizontal collaboration at the centre, a topic that deserves more attention.

Our four case studies will allow us to focus on recent efforts by line departments to work collaboratively on issues deemed to be of major significance by the Government of Canada. Our first case study deals with climate change policy; in particular, the Climate Change Secretariat (CCS) involving two main partners, Natural Resources Canada (NRCan) and Environment Canada (EC). The second case study examines the Innovation Strategy, involving Industry Canada (IC) and Human Resources Development Canada (HRDC). The two other case studies are the Vancouver Agreement (VA),

featuring cooperation between a number of federal departments as well as provincial and municipal agencies; and the Urban Aboriginal Strategy (UAS), which seeks to coordinate the activities of several federal, provincial and municipal agencies bearing on this important area. These case studies are based on documentary material plus interviews with officials in both line departments and central agencies. Details on the interview methodology can be found in the Appendix 1.

Our work will concentrate primarily on horizontality within the federal government of Canada, with particular emphasis on the role of central agencies. While federalism represents the quintessential example of horizontal management, a full-scale examination of federal-provincial relationships is beyond the scope of this project. At the same time, many of the examples cited as "best practices" of horizontal management at the regional level do involve interactions with municipal and provincial governments, and three of the four case studies involve an active federal-provincial component. Nevertheless, our analysis will not focus on issues of intergovernmental relations.

Mention should also be made of non-governmental participants. Whether referred to as partners, stakeholders or the broader community, in all four of our cases serious efforts were made to include these actors in the horizontal process, both in helping to shape the design of these projects and/or the delivery or management of services or goods resulting from these initiatives. Our primary focus, however, remains relations *within* the federal government, and again, especially those involving central agencies.

Peters (1998) draws a distinction between policy and administrative coordination. The former is seen as occurring mainly at the top, at the level of senior officials and cabinet, while the latter involves mainly the implementation and management of policies and programs at all levels. Davis (1997) makes a further distinction between political and policy coordination, which in the Canadian context may be useful given that policy development is often seen as distinct from political decision-making. In this study, we will examine coordination at all three levels: political, policy and administrative.

Horizontality: A New Reality?

In this section we explore the changing nature of horizontal practices in the Government of Canada. In particular, we address the issue of whether there is a new reality faced by public sector managers. In addition, we provide basic definitions as well as a discussion of the accountability framework, the tools, resources and means of doing horizontal work, and issues such as cost-benefit analysis. This is important for setting the stage for our case studies and, subsequently, in the analytical section, for addressing the question of how well equipped the Government of Canada appears to be for handling horizontal issues.

The "What" of Horizontal Management

Horizontal management can be defined as the coordination and management of a set of activities between two or more organizational units, where the units in question do not have hierarchical control over each other and where the aim is to generate outcomes that cannot be achieved by units working in isolation. The structures and processes used to achieve coordination can range from informal networks to jointly managed secretariats. The means used to put into effect and manage horizontal initiatives can also vary, and are typically described by terms such as "coordination," "collaboration," and "partnerships." Often these terms are used interchangeably. More careful examination, however, suggests that they convey rather different meanings and tend to be used in different contexts.

For purposes of this paper we will define coordination as the practice of aligning structures and activities to improve or facilitate the likelihood of achieving horizontal objectives, to reduce overlap and duplication, and, at a minimum, to ensure that horizontal objectives are not impeded by the actions of one or more units. As pointed out by Mintzberg (1983), coordination can be brought about by formal and informal means, depending upon the size of the organization, its mission and the environment it faces.

Collaboration can be defined as the active process of not only coordinating activities but also developing, agreeing to and implementing a strategy for achieving set objectives.

According to a recent Canadian Centre for Management Development (CCMD) publication (Canada 2002c), collaboration also involves the sharing of mandated authority and usually entails ministerial involvement. Shared management arrangements of this sort typically require collective accountability. More often than not, collaboration involves a set initiative or project to which two or more units agree to commit resources and have, as well, a strong interest in achieving its successful completion.

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Partnership refers to the formalization of collaborative arrangements and agreements beyond simple memos or memoranda of understanding (MOU) to the level of legal contracts for deliverables and payment. Such formalized arrangements are more likely to be used in connection with external organizations (both commercial and non-profit). The distinctions between these three concepts are not hard and fast; however, they should serve to underscore the important difference between informal coordination and full-fledged collaborative arrangements.

Both are important—and in all three cases trust ties between participants from different units, is the all-important lubricant that makes horizontal arrangements work.

Nevertheless, the scale, workability or sustainability of any given horizontal initiative may require quite different approaches with respect to commitment and the institutionalization of arrangements.

The "Why" and "When" of Horizontal Management

In discussing whether horizontal management represents a new reality, it is worth keeping in mind that Canadian governments have been preoccupied since Confederation with the age-old quest for "coordinated government." For many, the more recent term, "horizontal management," is simply a new moniker for this venerable goal (Peters 1998; Peters 2003). Cabinet government under the British Westminster model, particularly in Canada, has always been in large part about reconciling competing departmental, ministerial and regional interests within the confines of the

cabinet room. In the nineteenth century, in particular, much of this coordinating activity was highly political, involving for the most part regionally-based patronage interests. Even then, however, more substantive national interests were often at stake. At the senior level of the public service informal gatherings of deputy ministers were initiated to discuss mutual concerns that crossed departmental boundaries. In the post-war period central agencies such as the Treasury Board Secretariat (TBS) and the Privy Council Office (PCO) formally took on the role of supporting cabinet in its coordinating and corporate roles.

Over the past three decades, both federal and provincial governments have introduced a variety of additional central agencies and related mechanisms to ensure the requisite degree of synchronization between departments and to serve the broader policy and corporate needs of government. Indeed, two decades ago, when Colin Campbell (1983) wrote that Canada had gone furthest in "fulfilling the canons for institutionalized executive leadership," he was referring to the vast array of central agencies whose primary purpose was to coordinate policy and administration. This quest for improved coordination has waxed and waned. In the late 1960s and early 1970s, the Government of Canada created a host of new coordinating agencies: the Department of Regional Economic Expansion (DREE), the Ministry of State for Science and Technology (MOSST), and the Ministry of State for Urban Affairs (MSUA). All three had specific mandates to coordinate the activities of other, primarily line, departments. In the late 1970s and early 1980s, the then Prime Minister and the Clerk of the Privy Council strongly supported the central agency model as the best way to improve coordination. Hence, agencies such as the Ministry of State for Social Development (MSSD) and Economic and Regional Development (MSERD) were created. These agencies were abolished in 1984 with the arrival of a new Prime Minister.

In the 1990s, however, the need for radically improved coordination within the Government of Canada once more became a major concern. Furthermore, while in the past the concern was mostly with coordination at the top, this time there was also preoccupation with coordination at all levels, but especially out in the field. In addition, as reflected in the 2002 Speech from the Throne, horizontality in the present era appears to be much more issue driven: climate change, US-Canada relations, the skills and innovation agenda, the urban agenda, public security in the post-9-11 era, international trade agreements, for example,

are all issues that by definition involve the interests and expertise of two or more departments. Policy issues such as these have made the management of horizontal issues much more visible and pressing than before. In particular, forces emanating from the international environment in a variety of direct and indirect ways have forced departments and agencies to work together. For example, all memoranda to cabinet (MC) brought forward by departments now need to be internationally trade compliant, a requirement reinforced by Treasury Board's Management Litigation Framework whereby departments are obliged to absorb a portion of costs associated with any litigation resulting from flawed legislation (TBS 2002). To meet their obligations in this area, departments must consult extensively with each other as well as with the Department of Foreign Affairs and International Trade (DFAIT)[1]. As a consequence, a series of networks cutting across departments and agencies has evolved to handle such issues.

It can be argued that cross-boundary areas such as urban affairs and skills and innovation have been around for several years, perhaps even for several decades, so in this respect there is really nothing that is new. What does appear to be new, however, is a recognition that these are important and complex issues, along with a willingness to tackle them and new insights into ways this can be done. Changes in public opinion have also played a role (Nevitte 2002). "Sleeper" issues such as urban Aboriginals and the homeless have been part of the urban landscape for several years, but it is only in the last few years that they have come into their own as salient issues demanding attention.

Furthermore, in the aftermath of Program Review in the 1990s (Aucoin and Savoie 1998), a three-year regime involving drastic cost reductions and the significant reorganization of several departments, the federal government began focusing on the renewal of policy capacity. After a decade of concern with deficit reduction, improving management capabilities and focusing on core competencies, governments, both federal and provincial, began looking once again at social policy, particularly in areas such as child poverty and homelessness (Bakvis 2000). It was also the case that by the late 1990s, the Government of Canada was running surpluses and thus had resources to

1 It should be noted that while this document refers to the Department of Foreign Affairs and International Trade, a separate department of international trade is being created, as announced by the Prime Minister on December 12, 2003.

put into new programs. Task forces in a variety of areas, including horizontal management and policy research, were created to ensure that the requisite capacity was there to support this renewed emphasis on policy development (Canada 1995; Canada 1996; Canada 2001; Canada 2002c; Canada 2003a; Canada 2003b). Coupled with these initiatives was an extension of horizontal practices at the top through regular meetings of deputies, with and without the Clerk, and, as a whole or in sub-committees, through breakfast meetings and retreats among other activities. In addition, under a new system based on various performance review criteria for evaluating deputy ministers, deputies are now accountable for how well they have achieved horizontal objectives (Canada 2003b). Similar developments have occurred with respect to the assistant deputy ministerial community.

For a variety of reasons, including the administrative streamlining and cost-reduction measures introduced through Program Review, there was a new-found interest in coordination out in the field, ranging from the sharing of back-office functions to the tackling of locally or regionally based horizontal projects, often in partnership with local and regional governments. But as well, Program Review, and more generally the New Public Management (NPM) (Aucoin 1995), under which Program Review can be subsumed, has led to an emphasis on seamless, single-window service delivery and the creation of public-private partnerships in areas ranging from school construction to the delivery of welfare services.

One development, particularly in such countries as the UK and New Zealand but also evident in Canada, has been the creation of agencies and self-standing organizations. Given the emphasis on management rather than policy development, governments hived off identifiable activities into self-standing entities. In a number of instances, Canadian National and Air Canada, for example, these entities have been moved completely into the private sector through outright privatization. In the majority of cases, however, they have remained part of government but have been given much greater autonomy to handle human resource and financial management, with fewer controls from the centre. The Inland Revenue Service in the UK and the Canada Customs and Revenue Agency are examples of such agencies. When the agency concept as an organizational form is broadly used it can lead to fragmentation, and, in particular, a diminished corporate commitment on the part of senior officials to government-wide goals (Rhodes 1996).

To the extent that the creation of specialized cultures within these agencies and a reduction in the depth and quality of pooled knowledge shared by senior officials lead to reduced mobility across departments, there may be a distinct need for strategies and mechanisms to link together disparate internal government interests to handle broader objectives.

Canada, however, has not gone nearly as far down the road of agency proliferation and fragmentation as has the UK or New Zealand. As Aucoin (1995) points out, NPM made only limited inroads in Canada, and then mainly at the provincial level. While in the UK, for example, over 70 percent of public servants work in executive agencies, the comparable number in Canada is less than 30 percent. Furthermore, agencies such as the Canada Customs and Revenue Agency are kept under much tighter control by the centre compared to those in the UK. While organizational fragmentation is seen as one of the consequences of NPM, the need, and quest for, reintegration is not unique to the NPM era. Organizational specialization and differentiation has been a hallmark of all large organizations throughout the twentieth century and the need to balance these two elements with the need for integration at key junctures is a constant struggle for managers and organizational theorists (Lawrence and Lorsch 1967; Aucoin and Bakvis 1984).

At the same time, NPM has generated its own mechanisms for promoting integration, particularly at the level of service delivery. Single-window service delivery aimed at meeting the needs of clients, the integration of a variety of back-office functions of different departments, especially out in the regions, to achieve efficiencies and cost savings are examples of efforts to bring about a degree of integration not only across departments but across whole governments. The NPM stress on the importance of markets and the use of wide-ranging contracting-out arrangements can also be seen as non-traditional means to achieve coordination. The notion of relying on external partners for the delivery of services, in particular, became prominent at this time. These market-type arrangements are heavily dependent on incentive structures built into the contracts and compensation agreements with senior managers. It is crucial that those senior officials and political leaders responsible for the overall direction and corporate objectives of the government, get these features right in such contracts in order to steer the activities of senior operational managers in the appropriate direction.

Overall, the Government of Canada has actively promoted horizontal initiatives and management practices. Through agencies such as TBS and CCMD, information on resources for such practices and education on their importance for achieving the overall goals of the government have been disseminated. Recent writings by Bourgault (2003) and Langford (2002) detail numerous horizontal initiatives involving both the Federal and other levels of government.
A good empirical base, therefore, now exists. Many of these initiatives, however, tend to be on a smaller scale at the regional level and the lessons to be drawn from them may not necessarily be applicable to a broader level.

Beyond factors such as the emergence of new policy issues, NPM, and the initiatives actively launched and promoted by governments, mention should also be made of underlying trends in technology and society that have led to the formation of horizontal networking in various forms. Such developments, although not explicitly initiated, serve as important underpinnings for those horizontal activities actively promoted by governments and, in some respects, are possibly subversive with respect to other aspects of government management practices.

Some horizontal activities are more spontaneous. They arise naturally within and between organizational settings as a result of technological factors or a willingness on the part of managers to work collaboratively on an informal level in order to overcome the limitations of hierarchically organized departments. Network theory in its various forms most directly deals with this form of horizontality. It has been argued, for example that the easy communication between like-minded individuals who work in different organizations but share common objectives or agendas helps generate networks, even though there may be no explicit initiative to do so. It has been further argued that these networks can take on a life and authority of their own, playing a critical role in the unfolding and implementation of agendas and displacing traditional organizational forms, including hierarchical ones. In part what differentiates such networks from standard organizational forms, or even deliberately constructed networks, is the lack of active direction or orchestration of any kind (Castells 1996). Networks visualized in this manner can also be seen as potentially subversive, undermining or working at cross-purposes to the directions and agendas set by top-level managers.

There is debate about the potency and capacity for self-generation that such spontaneous networks are alleged to have, whether they

generally are fundamentally different from those that have always existed within and between organizations, and whether they have the potential to subvert. Nonetheless, communication technologies, coupled with shared values and characteristics among newer generations of knowledge workers, can help facilitate and reinforce efforts to develop linkages across organizational boundaries. As Peters (2003) points out, however, even if they are not seen as subversive, pre-existing societal networks in a given policy domain, rather than facilitating, may serve as an impediment to the creation of new networks if the intent is to alter or redefine either the network or the domain in which it operates. Changes in the nature and dynamics of networks, fostered in good part through technological change, should definitely be considered an aspect of the new horizontal realities.

To conclude, when considering whether there is indeed a new governance reality characterized by horizontality, on the one hand one can point to a variety of horizontal practices and institutions over the years, dating back to DREE, MOSST and MSUA, making it difficult to argue that there is now suddenly a new reality. There is also an absence of hard empirical evidence documenting actual changes in behaviour and resource allocation to back up the contention of a new reality. While there is a spate of recent literature on the topic, no one has to date tracked or documented the actual number of horizontal issues and files or tabulated the number of people or meetings involved to show that there has been an overall increase in horizontal activity. No systematic surveys have been done, for example, asking managers how much more of their time is spent now on horizontal issues, their perceptions of the changing environment, and so on.

On the other hand, there is plenty of evidence of new practices, tools and a variety of experiences and experiments in working horizontally to indicate that it is more than a theme in vogue. There is certainly increasing concern about horizontal issues, and simply judging from what is contained in the last two Speeches from the Throne, it is not difficult to identify a number of significant horizontal files that easily transcend the mandate of any given department. Even if the issues currently labeled horizontal are in fact long-standing ones, there is now recognition that there must be a willingness to develop appropriate tools and frameworks to allow them to be handled effectively. Furthermore, in surveys of subsets of federal public servants, such as Bourgault's (2003) recent study of deputy minis-

ters, there is clear evidence of this key group feeling pressure to address corporate government-wide issues as distinct from simply promoting their own department's interests. The new reality may be in good part a matter of perception, but for many in the public service this perceived reality translates into concrete demands to work differently.

The new reality may be in good part a matter of perception, but for many in the public service this perceived reality translates into concrete demands to work differently.

The "How" of Horizontal Management

The "how" of horizontal management refers to the mechanisms and institutions, both formal and informal, that can be used to give horizontal arrangements some structure and stability. It also includes the instruments used to put in motion the process of implementing a collaborative partnership involving two or more departments. At the regional level, the instrument frequently appears to consist of a handshake followed by some correspondence confirming the arrangement, usually with one person taking the lead. For larger projects, or for those national in scope, the initiative is often taken at the cabinet level, with PCO playing a prominent role. In formal terms, a collaborative commitment at the cabinet level is put into effect by a letter from the Clerk of the Privy Council to the departments in question, instructing them to work together and to strike the appropriate arrangements.

With respect to the actual arrangements themselves, it is possible to visualize these as a single continuum, with informal networks at one end and a full-fledged secretariat at the other. Such a secretariat would remain responsible to the sponsoring units, even though it may have distinct resources and some scope for independent action. Between the two poles would be working groups and interdepartmental committees with varying degrees of institutionalization.

It is worth noting that one way of managing a horizontal issue is to create a separate agency with its own statutory status and appropriate authorities, which report directly to a minister. The Canadian Food Inspection Agency (CFIA) is one such example, bringing together a variety of responsibilities and activities that previously had been housed in five

different departments (Prince 2000). In a similar vein, the creation of Human Resources Development Canada (HRDC) in 1993 was in part premised on formalizing horizontal linkages between departments such as Health and Welfare and the Secretary of State. However, the establishment of a full-fledged agency or department typically involves putting in place a hierarchical structure that is no different from that found in most regular departments. Furthermore, while the CFIA appears to have been an effective solution to the problem of linking together food and inspection-related activities housed in five different departments, the same cannot necessarily be said of HRDC. That department was reorganized into two separate departments in December of 2003, suggesting that there are distinct limits on what the departmental or agency model can achieve in terms of resolving horizontal problems.

While CFIA and HRDC have primarily operational responsibilities, it is possible to create a separate department or agency that has mainly horizontal policy responsibilities. In the early 1970's, MSUA and DREE were tasked primarily with the horizontal responsibility of persuading other departments to "bend" or alter their programs to fit with initiatives that cut across traditional line department boundaries. The degree of institutionalization and hierarchy is not the only dimension, however. One needs also to take account of the purpose lying behind any particular arrangement. In some cases the purpose lies in achieving a particular policy objective or set of objectives in a defined area. In other instances the objective might be to foster communication and discussion between different units in a number of areas, without necessarily focusing on any one issue. Federal Councils at the regional level and the deputy ministers meetings in Ottawa would fall in this category. The distinction here, then, is mandate, broad or specific.

Finally, allocation of responsibilities, reporting relations and the like—essentially the arrangements for the governance of the horizontal initiative—are given effect through the agreements, understandings and formal structures arrived at between the departments and agencies, including central agencies, involved in the initiative. These formal arrangements both reflect the understandings and intent of the project and at the same time give shape to it and have an effect on its ultimate outcome. Among other things, such arrangements are also important for accountability purposes.

The key questions in relation to the case studies relate to the extent to which the formal structures, and the governance arrangements embedded in them, play a positive role in helping the initiative achieve its objectives, as well as the extent to which these structures limit flexibility or in other ways prove to be counter-productive.

Case Studies of Horizontal Initiatives

The Areas of Study

Catalysts and Champions

While central agencies appear to have been critical in promoting horizontality and in orchestrating horizontal arrangements among key departments, it is usually the juncture of a number of critical factors that results in specific horizontal initiatives becoming reality. The first is the existence of a problem coupled with a realization that that it needs to be addressed sooner rather than later, a realization that may be triggered by a single event or development that throws the problem into sharp relief. The second, and likely the most critical factor, is leadership, specifically in the form of what Borins (1998) calls "the ability to recognize problems or opportunities in a proactive manner." Individuals displaying such characteristics, according to Borins, are rarely found at the top of organizations but somewhere within the organization itself, often within one of the subunits of the organization and sometimes carrying the label of "maverick." Third, in addition to specific triggering events there also tends to be a situation of ambiguity or a vacuum that allows innovative actors to propose novel solutions to resolve problems and, further, to use those innovations in a strategic manner (Barzelay and Campbell 2003). Certainly the thrust of much of the recent literature on horizontality (Canada 2001; Bourgault 2002) points to leadership both as a catalyst and as a factor in sustaining the arrangement over time, underscoring Borins' point that "Collaboration across organizational boundaries does not happen naturally; it must be made to happen" (Borins 1998, 102). A fourth factor worth mentioning is that of resources. Some level of commitment at the top must be made to ensure that a modicum of resources is made available to a proposed initiative to get things rolling. As will be seen below, it is often the commitment by a single department or agency to make money and/or personnel available that leads other partners to participate in the exercise.

Costs and Benefits

A cost-benefit perspective forces one to think about whether or not a particular horizontal initiative is worthwhile, whether the anticipated results will be worth the investment of time

and money. Care needs to be taken, however, in applying a cost-benefit lens, for in some important respects it can be misleading. First, the parties involved in a collaborative arrangement may not necessarily see themselves as being engaged in a cost-benefit exercise, or at least not in the sense of seeing horizontality as one of a number of alternatives or choices available which are then carefully assessed. As will be seen in our case studies, the participants often see themselves as having no choice but to work horizontally if objectives are to be successfully realized, that is, if the subject matter requires the active participation of two or more departments. To the extent that any kind of cost-benefit calculus is applied, it is often of the retrospective variety, asking whether the extra efforts applied were really worth it in light of the ultimate results. Secondly, part of the traditional logic underlying cost-benefit analysis is the presumption of measurability. In the case of horizontal management, the costs of time and other organizational resources are not always easily measured and the benefits even less so, with respect to both direct outputs and longer-term outcomes.

There is still value in raising cost-benefit type questions, however even on a retrospective basis, it is useful to ask whether a particular horizontal exercise was worthwhile, whether it could have been done better and what lessons might have been learned. Furthermore, even if the choice is between doing a project horizontally and not doing it at all, such a question still fits the broad notion of cost-benefit analysis in the sense that the final results achieved may or may not be considered to have outweighed the resources invested.

On a much more operational level, a cost-benefit type approach is implicit if not explicit when specific instruments and frameworks are assessed either prior or subsequent to particular tasks being tackled. As will be noted in our discussion of the case studies, the various "tools" developed by TBS, for example, have drawn comments by participants as to the utility, or lack thereof, of these tools.

Tools and Resources

Beyond the issue of the basic structure and mandate put in place between collaborating departments is the flesh clothing the bones of the arrangement, namely, the question of tools and resources. Many of the collaborative arrangements that have occurred over the past decade, especially out in the regions, have depended mainly on people being temporarily seconded, participating on a part-time basis, or even, in many instances, on a voluntary basis.

A related area is funding for operating and capital costs. Again, in many instances, participating departments often make facilities available to a horizontal project. Less frequently, departments may also contribute to programming costs. A different area concerns assistance in managing in terrain that for many departments remains relatively uncharted: that is, there is a need for guidance to the tools and mechanisms typically used in a collaborative environment where managers need to tread carefully in meeting requirements under the *Financial Administration Act*, among other provisions.

. . . over the past year TBS, CCMD and others have made available "how-to" guides on tools and other resources with the aim of promoting horizontal practices.

With respect to this last area, over the past year TBS, CCMD and others have made available "how-to" guides on tools and other resources with the aim of promoting horizontal practices. These guides range from case studies, where efforts are made to draw lessons applicable in similar situations (Canada 2001), to detailed instructions on how to pool operating or capital funds between two collaborating departments (Canada 2003a). The effectiveness of these tools, however, depends on the willingness not only of the participants to use them but also of those in central agencies and corporate services units of departments to accept their use. The question here appears to be the accessibility of these tools, the willingness of those involved to support their use, and their relative effectiveness and efficiency.

The other important resource is people. This dimension includes not only the time spent by staff on horizontal initiatives but also the professional development and training and the rewards and sanctions that make it easier and more fulfilling for people to become involved and commit themselves to horizontal work. As has been noted in several studies, one of the more common complaints by participants is that there is very little reward for horizontal work and, further, that work of this nature is often done on top of regular duties. The incentive structure, therefore, is a very important consideration. Working horizontally also requires a different set of skills and values (Lindquist 2002). Individuals need to be better equipped to enter into discussions and negotiations with their counterparts from other departments in situations where traditional forms of leverage or authority are

absent. More generally, people need to become more adept in developing a consensus around important issues as a basis for further action.

Regarding resources, both human and financial, the key issues appear to revolve around the question of where, in the longer term, the resources are likely to come from. Line departments usually feel that their participation in horizontal initiatives is not without costs and are often reluctant to see their A-base funding re-allocated to horizontal activities; central agencies in turn often see the issue as being related not so much to funding as to better coordination of related activities, so that horizontal goals can be achieved without necessarily committing extra funds to the project. The allocation of resources and the question of who will pay for them can become a significant issue and a major source of tension between the centre and those directly responsible for the horizontal initiative. If a commitment is made for substantial new resources to a horizontal project, this necessarily involves a decision by cabinet, which in turn requires cooperation at the ministerial level. These are all issues that will be examined in the four case studies.

The Role of Central Agencies

Central agencies in and of themselves are key instruments of horizontality by imparting a distinct corporate direction to all federal government programs and activities and by reconciling conflicting departmental perspectives. In recent years, however, efforts have been made to push responsibility for horizontality downward, making all departments and agencies more directly responsible for coordinating their activities with other departments and for promoting horizontal initiatives where possible. Especially with the arrival of the major public policy issues mentioned at the outset, PCO, on behalf of the prime minister, has been instructing departments to work together on particular files, as well as more generally encouraging horizontal thinking and practices through a variety of deputy ministerial task forces (Canada 1996). TBS, especially through its Horizontal Expenditure Review process but also through its secretariat supporting the work of Federal Regional Councils, has also been encouraging and facilitating horizontal practices. The questions to ask with respect to the four case studies are, first, how effective have central agencies been in instigating or promoting horizontal initiatives, both in giving direction and setting out the mandate for particular horizontal ventures, and, second, how effective have central agencies been in nurturing and supporting these ventures, once they have been launched, to help ensure their ultimate success?

Accountability

The notion of accountability lies at the heart of responsible government under the Westminster parliamentary model. It encompasses the formal responsibility for the mandate and activities of an agency or department and the linkages between the minister and those departments, on the one hand, and the minister's responsibility to give an account of and be held responsible for those activities in the elected legislature, on the other. It is key to parliamentary democracy as practised in Canada. In this context, accountability has two components: 1) giving a proper account of the activities in question; and 2) being held responsible for those activities. While accountability is generally thought of in individual terms, such as the responsibilities of a minister, it is also a collective concept, in that the executive (cabinet) as a whole is collectively responsible to the legislature. Legislation proposed by a department is discussed, and modified, if necessary, by cabinet before being tabled in the legislature. There are also the broader corporate responsibilities of government in which all departments share, even if the primary responsibility for articulating and implementing them lie with the central agencies. This dual notion of accountability, departmental *and* corporate, is often forgotten as departments focus on their own activities and responsibilities. Another point often neglected is the importance of coupling the notions of accountability and responsibility to that of authority. People and organizations can only be held responsible for those actions for which they have authority or a mandate to undertake.

Given its centrality, ensuring that the accountability loop is closed has always been a major preoccupation. When there are problems, such as in the recent grants and contributions controversy in HRDC or the creation of foundations beyond the purview of ministerial and parliamentary control (Aucoin 2003), the tendency is generally to react by strengthening controls. In recent years further initiatives have been undertaken to improve and streamline procedures, to incorporate risk assessment in the development of policies and programs, and to incorporate a broader range of activities in the responsibilities for which public servants can be held accountable. "The Modern Comptrollership" and "Results-based Management and Accountability Frameworks (RMAF)" by TBS are among the more significant initiatives in this respect in recent years.

For horizontal initiatives, accountability poses a particular dilemma insofar as most accountability regimes are construed in vertical,

hierarchical terms. As has sometimes been said, horizontal management is like pulling against gravity (Bakvis 2002). Invariably, in any horizontal project there will be a large element of shared accountability. While certain components of such projects can be linked to the normal responsibilities of the departments and units involved, there will be a significant activity carried out under the rubric of the horizontal project that cannot be so linked, or at least where it is very difficult to do so. It will likely also be the case that existing departmental programs will be altered or tweaked to fit the needs of the horizontal initiative, but in the process may no longer fit the strict criteria of the authorities under which funding for these programs was originally approved.

Treasury Board and other agencies have spent considerable time developing protocols to make it easier to engage in horizontal activities without compromising accountability (Canada 2003a). But there remains a question of how effective and accessible these newer tools are, especially when the activities in question are national rather than regional in scope. Furthermore, initiatives such as the RMAF, with their emphasis on measurement of results, may not be well suited for horizontal initiatives where results (as a result of actions undertaken) may not be easily measurable or where there is asymmetry between the different partners in their capacity to measure results.

The questions then to ask in relation to the case studies are these: how do the participants involved in horizontal projects think about accountability? How relevant is the distinction between departmental and corporate responsibility? To what extent is the emphasis on accountability seen as an obstacle? To what extent does it appear to be used as a defensive mechanism to avoid working in a collaborative fashion? To what extent can accountability problems be seen as authority problems?

Case Study 1: The Innovation Strategy

The extensive horizontal coordination that occurred around the development of the government's *Innovation Strategy*, released in February 2002, was the direct result of actions taken by the Privy Council Office in early 2001. Prior to the 2000 election, Industry Canada (IC) had gone through an extensive, seven-month transition exercise to prepare for the arrival of the new government and, when Brian Tobin returned as Industry Minister after the general election, the department was well prepared with a two-year plan where

innovation figured prominently. Moreover, the department had succeeded in positioning itself favourably for the 2001 Speech from the Throne. In that speech, the government emphasized the crucial role of innovation in generating economic growth and creating opportunities for all Canadians. In addition to clearly making innovation a key government priority for the coming years, the speech also made a number of specific commitments, such as doubling the public sector's research and development expenditures before 2010.

More importantly from the viewpoint of interdepartmental coordination, the speech also underscored the fundamental necessity of a skilled and educated workforce for becoming a more innovative society. As a consequence, an innovation agenda also needed to be a skills and learning agenda. In this context, shortly after the Speech from the Throne was delivered in 2001, the Clerk of the Privy Council, on behalf of the Prime Minister and cabinet, contacted both Industry Canada and Human Resources Development Canada to instruct them to develop a joint policy paper in order to develop more fully the government's agenda on innovation and learning. Interviewees have pointed out that the terms of reference provided by PCO for this exercise were imprecise and relatively unclear. However, both departments began working together on what they believed would be a white paper on innovation.

From the start, the departments agreed to a broad conceptual map that would underpin their work and eventually they came to focus on two key issues: skills and learning, where HRDC took the lead, and research and development, which became the main focus of Industry Canada.

From the start, the departments agreed to a broad conceptual map that would underpin their work and eventually they came to focus on two key issues: skills and learning, where HRDC took the lead, and research and development, which became the main focus of Industry Canada. It is interesting to note that, while the work was truly done jointly during the initial months, the two departments actually worked separately on their part of the strategy for most of its development. As one interviewee pointed out, "to tell the truth, 90 percent of the work was done separately." However, a system of inter-

departmental consultation was put in place, drafts were frequently exchanged, and the departments extensively commented on each other's work. On some specific issues, such as post-secondary education, there was a greater level of coordination and negotiation and the relevant chapters were written together.

During these first six months of work, both lead departments consulted widely with other departments through a series of interdepartmental meetings, at which most departments were invited to make comments and propose initiatives that could be included. On several occasions, IC and HRDC followed these meetings with additional bilateral meetings where specific issues could be discussed at greater length. These interdepartmental meetings occurred at different levels, including both ADMs and DMs. At the end of the process, some ministerial meetings also took place.

However, despite what was considered to be good progress by the departments, a key development occurred in May 2001 when the Privy Council Office stepped in to shut down the interdepartmental process organized by the lead departments, informing them that there would now be two separate policy papers, one on the skills and learning agenda and another dealing with research and innovation. Moreover, PCO would ask a new committee of deputy ministers to serve a "challenge function" to both departments by critically reviewing drafts of the policy papers. It was clear from our interviews that this decision by the centre generated a fair degree of dismay and cynicism in the lead departments. The decision seemed to have been motivated by growing concerns on the part of PCO and the Department of Finance that the innovation strategy was now involving too many players, each with their own initiatives, and that it would place too much pressure on the treasury. Separating the strategy into two papers, each closer to the lead departments, would serve to focus the proposals and limit the ensuing funding expectations.

According to the interviewees, the PCO-orchestrated interdepartmental process that followed from May to September 2001 resulted in few changes to the departments' draft documents. Then the events of September 11, 2001 in New York and Washington, and the ensuing interventions to counter terrorism and heighten national security, essentially served to confirm the need for greater fiscal prudence and the necessity to manage funding expectations that might be created by the innovation strategy. As a result, Finance and PCO advised the lead departments that their policy papers would be

essentially considered to be green papers, and not white papers, a point that had never been really clarified by the centre. By presenting the policy papers more clearly as consultation documents, the government would have more flexibility in adapting its innovation policy to the emerging fiscal environment.

During the following months, the lead departments worked to finalize their strategies. In order to do so, they both organized a few more low-key bilateral interdepartmental meetings with other key departments. These "unofficial" meetings were necessary to work out some details related to specific projects involving these departments. The completed draft documents were then submitted to the Prime Minister's Office over the Christmas period. According to our interviews, the PMO, in contrast to other central agencies, provided lengthy, substantive and useful comments. In light of those comments, the departments subsequently modified their policy papers and the documents were submitted to the Prime Minister in January. Following his approval, the innovation strategy was released in February of 2002. It is interesting to note that it is only a short time before the strategy was released that, in order to avoid being seen as incoherent, the government decided that the two papers should be released as a single set (two separate documents with the same graphic design within a single package), constituting together the government's innovation agenda.

Finally, following the release of the innovation agenda, both lead departments developed a consultation and engagement strategy meant to communicate its content and hopefully gain the main stakeholders' support for its implementation. At this stage as well, horizontal coordination proved problematic. The departments did not share the same objectives. Industry Canada wanted a very extensive engagement process that would help develop a consensus among key stakeholders about how the country should move forward on innovation. As such, while it invited a wide range of actors, its focus was more clearly on the subset of organizations, mainly industrial associations and universities, that were to play a key role in implementing many of the initiatives proposed in the policy paper. In contrast, HRDC, which had to contend with a broader and more diversified set of stakeholders, was formulating a less ambitious engagement agenda.

As a result, while the two departments received some funding for their engagement strategy from the same Treasury Board submission, they essentially split the funding and pursued their own separate consultation

processes. The two distinct approaches also led the departments to eschew the idea of creating a common secretariat to support their consultation efforts. However, in the end, in order to preserve the idea of a single integrated innovation strategy, the two lead ministers decided to end the separate engagement processes by a joint National Summit on Innovation and Learning held in November 2002, a measure that was announced in the September 2002 Speech from the Throne. While the engagement processes were considered to be successes, at least one interviewee believed that a joint secretariat would have helped bring a needed measure of interdepartmental coordination. The interviewee even recounted how some events were held on consecutive days in the same community, leading to confusion on the part of some participants.

Overall, interviewees did not consider the development of the innovation strategy as a success story for interdepartmental coordination and horizontal management. As we will discuss in the following section of the paper, cultural barriers and "turf wars" were not pinpointed as the main source of difficulties. On the contrary, all interviewees stressed that, in contrast to original expectations, the working relationship between the two lead departments was relatively easy and productive. While the departments did a lot of work independently, the original series of interdepartmental meetings were considered a success and each department was provided with significant input into the other department's work. Central agencies, however, were widely described as having significantly contributed to a defective process through a lack of leadership. As one of the interviewees told us: "In the end, I think that we got a good product. The key themes are right. We are moving forward on the agenda. But the process was a disaster."

Case Study 2: The Urban Aboriginal Strategy

Announced in January 1998, the Urban Aboriginal Strategy (UAS) was developed to address more effectively the needs of Aboriginal people living in urban settings by improving the level of coordination among federal departments and by ensuring greater collaboration among the federal government, provincial governments, municipal governments, Aboriginal groups and community organizations. The initiative finds its source in a ministerial request dating back to 1996. At that time, a number of ministers from western constituencies, including Lloyd Axworthy, Ralph Goodale and Anne McLellan, believed

that while Indian and Northern Affairs Canada had a clear responsibility for Aboriginal people living on reserves, Aboriginal people living in cities, an important and growing part of the Aboriginal people population, faced a more fragmented bureaucracy and did not appear to be as well served. Examining the social conditions in some of the urban centres of the western provinces, the ministers had the sense that the country might increasingly be facing a "crisis" with respect to the socio-economic conditions of the Aboriginal population and they asked the Privy Council Office to look into the situation to see if it could be improved.

In response, the Privy Council Office set up an interdepartmental working group, which examined existing federal programs. The working group found that about twenty federal departments were managing over 80 programs that were at least partly targeting Aboriginal people living in cities. Yet, despite this multiplicity of programs targeting the same clientele, there were no real interdepartmental mechanisms in place to ensure the proper coordination of these efforts. In this context, the Urban Aboriginal Strategy was proposed to cabinet in 1997. The strategy was meant to focus only on the optimization of existing programs. With the exception of about $2 million provided to PCO to fund a small coordinating secretariat under the responsibility of the Interlocutor for Métis and Non-Status Indians, the Urban Aboriginal Strategy was not allocated any new program funding. In order to support the initiative, a steering committee of deputy ministers was created as well as a lower-level interdepartmental working group on urban Aboriginal issues.

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The decision not to allocate new program funding as part of the strategy reflected the fact that coordination was seen as the key problem; it was

also an attempt to avoid raising controversial constitutional issues. While the federal government has a clear constitutional responsibility for Aboriginal people living on reserve, it has been more reluctant to admit a similar responsibility for Aboriginal people living in cities. In response to provincial claims that the federal government should fully recognize such responsibility and consequently provide the necessary funding, the federal government prefers to emphasize the shared responsibility for helping those who live in the less fortunate parts of Canada's urban centres. With regard to the Urban Aboriginal Strategy, the government was concerned that a significant investment of new money dedicated exclusively to this population would rekindle such federal-provincial discussions and detract from building the kind of intergovernmental partnerships required to effectively address the difficulties faced by a significant part of the urban Aboriginal population.

Following its approval by the cabinet in 1997, the secretariat within the PCO tried to implement the Urban Aboriginal Strategy across the country, findings ways to improve coordination of services across departments and levels of government and improving access to those services by the targeted populations. However, the implementation of the strategy required some on-the-ground organizational capacity and the Privy Council Office as such does not have a regional presence. As a result, the UAS secretariat turned to the federal regional councils for help in implementing the strategy in the key cities. Since the regional councils act essentially as forums for discussion and voluntary coordination for departmental executives in the regions, they represented good venues for interdepartmental dialogue about programs targeted to urban Aboriginal people but, by the same token, they also lacked any substantial organizational capacity to ensure higher degree coordination of activities. Consequently, in order to obtain such capacity, the federal regional councils themselves designated a lead department in every region to spearhead the UAS activities in their region.

While some important progress was made on some key initiatives, primarily the result of work done on the Aboriginal component of the Supporting Communities Partnership Initiative, the 1998-2002 period proved somewhat frustrating for the public servants in charge of implementing the UAS. A case study done in 2000 by the Treasury Board Secretariat in the context of its work on regional coordination found that the "Urban Aboriginal Strategy had

not met most of the tests for the successful management of horizontal issues."[2] Despite some significant success in raising the salience of urban Aboriginal people as a policy priority both within the federal public service, national think tanks and the media, and developing a more collaborative working relationship with the provinces, it proved difficult to bring departments to collaborate in more substantial ways. The progress in improving the coordination of federal programs in significant ways, integrating them into a coherent government-wide strategy linking program activities to expected results, was disappointing.

As a result, in 2002, the Privy Council Office went back to cabinet for a renewal of the strategy. In its request to cabinet, which was approved, the office of the Federal Interlocutor for Métis and Non-Status Indians within PCO advocated a new approach. First, it requested some dedicated program funding to be used as a lever to encourage greater collaboration among departments. While about $59 million had been set aside for urban Aboriginal people in 2000 under the National Homelessness Initiative, the $25 million over three years granted by cabinet in 2002, and announced in the February 2003 budget, represented the first allocation of program funding allocated directly to the UAS. Moreover, in order to better document what worked and what did not, the PCO proposed to use the new funds to support a number of pilot projects that would test new ways of serving urban Aboriginal people through enhanced inter-organizational collaboration. For this purpose, eight priority cities were chosen to be the focus of these efforts.

Even prior to the 2003 budget announcement, however, another event provided impetus for the development of UAS pilot projects. In September 2002, the Task Force on the Coordination of Federal Activities in the Regions, which had been mandated by the Clerk of the Privy Council in the Fall of 2001 to look into ways to improve the coordination of federal policies in the regions, submitted its final report. Among other recommendations, the task force advocated the development of a number of demonstration projects that would explore "creative operational solutions for implementing horizontal policies in the regions" (Task Force on the Coordination of Federal Activities in the Regions,

2 A summary of this case study is available at the following address: http://www.tbs-sct.gc.ca/rc-cr/case_studies/study_02_e.asp

2002: 26). The UAS seemed like an ideal candidate for such demonstration projects and it was asked by the Clerk to launch three such projects. Three of the eight priority cities identified by the UAS were selected for receiving these demonstration projects: Vancouver, Regina and Winnipeg.

The approach used to launch those three projects was different from the approach experienced by the UAS up to this point. As a first step, a letter was sent by the Clerk of the Privy Council to the deputy ministers of Human Resources Development Canada and Western Economic Diversification Canada mandating them to take the lead on the three demonstration projects and to report on their progress in due time. Moreover, in addition to appointing two lead departments, the Clerk also wrote to a number of other departments whose collaboration was deemed essential for the future success of the projects, asking them to collaborate with the lead departments and lend their support. Following the Clerk's letters, a local interdepartmental working group was set up in each of the three cities and a national interdepartmental committee was also created. These groups prepared work plans for each of the projects, which were subsequently approved by the Clerk in October of 2002.

The approach taken for all eight pilot projects (the three demonstration projects first launched at the request of the Clerk and the other five launched following the 2003 budget announcement) was similar. In all cases, the PCO designated a lead department (either WD or HRDC) through a letter sent directly by the Clerk of the Privy Council. The governance of the projects was ensured by a set of two local committees—an interdepartmental committee of local officials and a broader local committee composed of the departmental representatives and other stakeholders, such as the relevant provincial departments, municipal agencies, Aboriginal groups and community organizations.

The funding obtained by the UAS was divided among the eight projects and then allocated to the local committees of federal officials. In order to empower local officials and keep funding decisions in tune with local conditions, the UAS standardized the financial authorizations to provide regional executive heads with the authority to make the key financial allocation decisions. In addition to the regional delegation of financial authorities, the Treasury Board Secretariat and the PCO also developed specific horizontal terms and conditions for contribution funding granted under the UAS. The common

terms and conditions facilitated the joint funding of a project identified as contributing to the UAS objectives while falling under the mandate of several participating departments. Under normal conditions, if several departments wanted to jointly fund such a project, a series of funding agreements, with different sets of terms and conditions, would have to be negotiated with the funded organization. Under the new system, departments that have already agreed to the UAS terms and conditions can more easily transfer the money to a designated lead department that can negotiate, under the UAS terms and conditions, a single contribution agreement with the funded organization. While these measures were at first resisted by some departmental headquarters and the Treasury Board Secretariat, they are considered some of the most promising aspects of the pilot projects, removing an important impediment to effective interdepartmental coordination.

Overall, it seems difficult, to date, to conclude that the Urban Aboriginal Strategy has been a successful case of horizontal management. Despite some clear successes in raising awareness about the problems of urban Aboriginal people, providing a clearer picture of existing federal interventions in this area, and generating an unprecedented level of interdepartmental and interprovincial dialogue on the issue, the improvements with respect to the coordination of programs appears to have been limited at this point. Nevertheless, some lessons have been learned and the new projects launched since 2002, including the new governance and funding approaches that underpin them, seem to hold greater promise for improved interdepartmental coordination.

Case Study 3: The Climate Change Secretariat

The creation of the Climate Change Secretariat (CCS) in February of 1998 was part of the federal government's efforts to develop and implement a national strategy to reduce greenhouse gas (GHG) emissions causing global warming. While the Canadian government had been involved in climate change policy at least since the signature of the *United Nations Framework Convention on Climate Change* in 1992, the signature of the *Kyoto Protocol on Climate Change* in December of 1997, the first international agreement to include binding commitments on the reduction of GHG, marked the beginning of a new stage in climate change policy. At Kyoto, the government pledged to reduce Canadian GHG emissions by 6 percent from 1990 emission levels by 2012. So by 1998, in order to develop and implement a workable plan to

meet its GHG reduction commitment, the government required a renewed investment in climate change policy development.

While climate change is generally seen as an environmental issue, the reduction of GHG emissions, such as carbon dioxide produced by the consumption of fossil fuels by the energy, transportation and industrial sectors, requires significant changes across a wide range of policy fields. Moreover, the potential effects of climate change are similarly wide-ranging and, consequently, adaptation measures will also require the involvement of a diversified array of stakeholders in different fields of activity. Given its crosscutting nature, climate change policy necessitates the participation of a large number of departments as well as complex negotiations with provincial governments. In sum, climate change policy presents an important challenge for horizontal policy coordination for the federal public service. The creation of the CCS was the government's institutional response to this challenge. As such, the CCS was entrusted with the dual role of acting as the main facilitator of interdepartmental coordination within the federal public service as well as assisting with federal-provincial-territorial negotiations through an associated national climate change process.

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The decision to create a separate secretariat to assist in the development of government-wide climate change policy resulted from a number of considerations. First, there seemed to be a broad consensus that the more ad hoc interdepartmental coordination process that had preceded the signature of the Kyoto Protocol had been "too messy" and that it would not prove sufficient to handle the development of a government-wide strategy to meet the Kyoto commitments. More extensive interdepartmental coordination was needed and it required a more institutionalized and better-resourced interdepartmental process. The establishment of a new secretariat dedicated to this function seemed a necessary condition for the operation of such an interdepartmental process.

However, the nature and location of the new secretariat within the federal bureaucracy was the object of some debate. Some officials argued that, given the extent of interdepartmental coordination required, the new secretariat should be housed within PCO. According to the interviewees, this option was eventually discarded because of concerns that the new secretariat might be too large for PCO and fears that attributing the responsibility for climate change policy to a central agency might weaken the accountability of the ministers in charge of the environmental and energy portfolios. But interviewees also recounted that the significant tensions between Environment Canada (EC) and Natural Resources Canada (NRCan) made it difficult for PCO to intervene in the issue in the absence of a clear direction from cabinet. The two key departments did not share a common outlook on how to approach climate change policy and had been at odds with one another for a number of years. Given the level of interdepartmental disagreement, including at the ministerial level, cabinet preferred to create a secretariat that would fall under the joint authority of the deputy ministers of EC and NRCan and to ask the two departments to jointly take the lead on climate change policy. In the words of one interviewee, "the Secretariat was PCO's brainchild to help resolve tensions..." before they could create serious rifts at the cabinet level.

A number of its features are crucial for understanding the nature of the CCS as an agent of interdepartmental coordination. First, it is important to note that the CCS has no independent statutory basis and its continuing existence entirely depends on the renewal of its funding, which, incidentally, is currently scheduled to run out in March 2004. This status illustrates that the Secretariat was meant to assist departments in the coordination of policy. It was not meant to overlap with departmental program responsibilities or to make policies by itself. An important consequence of this status is that the Secretariat does not have the authority to impose decisions or truly force departments to account for their performance on climate change. To fulfil its mandate, it essentially relies on "soft powers," such as the ability to persuade and convene meetings.

Moreover, while the Secretariat assists in the funding of some initiatives through the Climate Change Action Fund (CCAF)—a fund managed overall by the Secretariat, overseen by an interdepartmental management committee and whose components are administered by a variety of delivery agents—it has no program responsibility of its own (Canada 2002b). While its role in

managing the CCAF has provided it with modest financial leverage, and helped it to bring departments to the table on some occasions, this capacity has been limited, and, in recent years the CCAF has become a very small part of the government's expenditures on climate change. While the CCAF represented a total expenditure of $300 million from 1998 to 2004, since 2002 alone, the federal government has announced about $3.7 billion to fund a wide array of climate change programs in different departments, the bulk of this funding going to NRCan. In sum, its lack of statutory authority is also reflected in its inability to significantly use the power of the purse to bring departments to yield to a common strategy.

Another aspect of the governance structure of the CCS is also interesting. In order to ensure that each department remains firmly in charge of its respective portfolio, the head of the CCS, a senior ADM-level official, only reports to the two ministers through their respective deputy ministers. In this way, the ministers are not confronted with contradictory advice from their officials. Deputy ministers can balance input resulting from the CCS interdepartmental process with other departmental considerations when advising their ministers on policy issues. While this governance framework has its advantages for the departments, some interviewees have also argued that it illustrates one of the core difficulties of horizontal policy coordination: public servants are ultimately accountable to their ministers and do not have much incentive to deliver on corporate objectives relating to government-wide interests. When there is a tension, corporate objectives become subverted by departmental objectives.

Finally, to fulfil its mandate, the CCS has created a number of interdepartmental committees. The Deputy Ministers Steering Committee on Climate Change, co-chaired by the deputy ministers of EC and NRCan, is ultimately responsible for the overall governance of climate change issues. With the exception of some crucial periods, such as the months preceding ratification of the Kyoto Protocol, this steering committee has met infrequently to deal with high-level policy decisions. The bulk of the policy and program work has been handled by the Climate Change Management Committee, composed of policy ADMs from the "core departments" (EC, NRCan, DFAIT, PCO, and Finance) engaged in the climate change file. For much of the period, ranging from the creation of the CCS to Summer 2002, when PCO played a lead role in the file aimed at ratification, this committee met weekly to deal with policy and program issues. Periodically, the commit-

tee would also engage with other departments with an interest in climate change through an enlarged ADM-level committee (VanNijnatten and MacDonald, 2003: 85). In addition to these central committees, the CCS also facilitated the creation of a large number of more focused committees to deal with specific issues, such as government communication or climate change research. It is through this set of committees that interdepartmental coordination occurs.

In recent years, federal climate change policy has been criticized for showing insufficient progress in reducing GHG or even in developing a coherent national strategy. The government failed to meet its non-binding international commitments adopted in the pre-Kyoto period and it now faces a significant challenge to meet the more ambitious commitment of Kyoto. Moreover, even the current Prime Minister, Paul Martin, in his year-end interviews in 2003, stated that, while he remained committed to the Kyoto Protocol, the country still lacked a "coherent plan" for implementing the agreement in Canada. The statement hardly constituted a ringing endorsement of recent climate change policy. There is undoubtedly a large set of factors explaining this state of affairs. Among the more notable factors, there are both the decision of our largest trading partner, the US, not to ratify Kyoto, and the significant opposition to tougher policies on GHG reduction both of Alberta, whose economy is most dependent on the consumption of fossil fuel, and of a large segment of Canadian business.

In addition to these factors, ineffective interdepartmental coordination has also been blamed for contributing to a less than optimal policy. For example, in 2003, the Climate Change Action Network (CCAN), a coalition of environmentalists and other organizations supporting a more stringent climate change policy, issued a paper arguing that interdepartmental disputes have hindered the effectiveness of federal climate change policy. According to the CCAN, the CCS lacks the required authority to force a resolution of these interdepartmental tensions, thus hindering the government's capacity to develop an adequate strategy. PCO, which has real authority to coordinate government-wide initiatives, does not appear to have played a sufficiently active role in ensuring appropriate coordination. The solution, the CCAN argues, would be to relocate the CCS within PCO. Being part of PCO would provide the new climate change secretariat with the authority that it has been lacking. At the same time, the move would bring to PCO a substan-

tive expertise on climate change policy that would allow it to become a more effective broker among departments on this issue.

Most of the officials interviewed for this study might not disagree with the assessment of the CCAN: they certainly agreed that lack of sufficient authority had become a serious impediment for interdepartmental coordination by the CCS. According to interviewees, the committee structure outlined above, which represented the core of the CCS's interdepartmental process, worked reasonably well until the Fall of 2002. However, as the government approached a decision on ratification, there was a need to make harder decisions and to reach agreement among departments on more significant measures for implementation. In this new high-pressure environment, the lack of authority of the CCS emerged as a significant weakness, and, in the words of one interviewee, "the Secretariat system stopped working." In order to move the interdepartmental process along, PCO had to become more involved, and in the Fall of 2002, it became the real convener of the policy ADMs' meetings. The central agency's authority had become a necessary tool for interdepartmental arbitrations; soft power was no longer sufficient.

Another interviewee held a similar view but was more critical of PCO: "The Secretariat worked as well as was possible considering the difficult politics of the issue. Where it failed, it failed because it did not have the kind of authority needed to force decisions when the crunch came. [...]. In my view, PCO did not provide enough support or leadership on the issue and we were left drifting for several years before ratification. PCO really got engaged in the process only when the Prime Minister began to talk about ratification and, then, things had to move." According to this interviewee, the CCS model would not be workable for the next phase of climate change policy, especially considering the political and financial costs of the initiatives that will be required. The government will have to consider new governance options, either asking PCO to assume greater responsibilities and leadership, providing a clear mandate and greater authority to one department to lead a coherent policy, or even thinking about creating a real executive agency for climate change, thereby following Australia's example.

According to several interviewees, the new levels of expenditures entailed by the implementation of Kyoto will be one of the key factors calling for a new governance and accountability model. As a relatively modest organi-

zation without the authority of a central agency, the CCS would lack the capacity to bring all the departments receiving climate change funding to account for their performance through a common framework; without this capacity, it would be quite difficult for the CCS to ensure proper interdepartmental coordination. While several interviewees spoke positively of the new common results-based management and accountability framework (RMAF) for climate change, developed with the assistance of TBS, some of them also believed that the continued involvement of this central agency would be required to make it work.

The challenge posed by accounting in an integrated manner for such a large horizontal expenditure seems all the more evident since the Auditor General's Office and the Commissioner on the Environment and Sustainable Development have already criticized the CCS for its accountability practices in their 2001 reports. In particular, despite the fact that a joint RMAF had already been developed for the CCAF, the Commissioner of the Environment and Sustainable Development denounced the fact that the reporting to Parliament on climate change remained fragmented and buried in the other information provided by the two departments through the estimates process. The CCS and the two departments, the Commissioner suggested, should report in a more consolidated way to Parliament on their activities under the CCAF. In their defence, the departments and the Secretariat argued that "Treasury Board's requirement to report by business line and now by strategic outcomes limits the ability of both departments to report the Fund's accomplishments in a comprehensive way" (Office of the Auditor General, 2001: 5.218). In other words, the accountability framework and TBS regulations created difficulties for properly accounting to Parliament on horizontal projects. As we enter the next phase of climate change policy, TBS appears to be more involved in ensuring horizontal reporting on climate change. Given the number, diversity and size of projects involved, these accounting challenges are likely to become even greater.

Finally, in addition to the limitations of the interdepartmental process at the bureaucratic level, policy coordination at the political level has also been a challenge for climate change policy. The historical tensions between NRCan and EC on this issue were reinforced in the 1990s by tensions at the political level between the two ministers. According to interviewees, the two individuals had rather different perspectives on environmen-

tal matters, and on climate change in particular. The fact that both ministers were from British Columbia and that one of them also acted as political minister for the province served to create an added degree of competition between them. This context did not help with high-level negotiations between the two lead departments.

According to interviewees, the involvement of other ministers also proved difficult at times. In 2000, in order to prepare them for the decisions which led to the creation of the Government of Canada 2000 Action Plan on Climate Change, the Prime Minister created a Reference Group of Ministers on Climate Change. The ministerial reference group acted as a dedicated forum for high-level political discussions of climate change issues. This was not a formal cabinet committee, but rather a working group of ministers with no decision-making authority. For cabinet approval, climate change initiatives still had to go through the Cabinet Committee on the Economic Union. The reference group was later replaced by an ad hoc committee on climate change with some limited decision-making authority. However, this mechanism for linking the inter-departmental process to the ministerial level was not seen as particularly effective. As one interviewee argued, "the ad hoc committee on climate change was a Band-Aid and it didn't work that well because it could not make the real decisions. We had to start all over again at the Committee on the Economic Union."

Case Study 4: The Vancouver Agreement

In the recent annals of horizontal management, the Vancouver Agreement (VA) (Canada, British Columbia—Vancouver Urban Development Agreement 2000) is seen as a poster child for horizontal management. Involving 12 federal departments, three provincial departments, and several agencies of the City of Vancouver, it is regarded as a prime example of effective horizontal management within and between governments in an area of pressing public concern—urban poverty and decay. Announced on March 9, 2000, the VA had its genesis in lengthy discussions between the three governments in 1999, a process that included consultations with the public. The agreement was targeted primarily toward the Vancouver Downtown Eastside, an area where the issues of substance abuse, child poverty, crime, homelessness, disease (HIV and Hepatitis C) and Aboriginal poverty have all come together to constitute one of the more intractable cases of urban crisis facing Canadian cities.

A variety of government agencies, ranging from HRDC to the Vancouver police, had responsibilities for one or more of the above-noted issues or their consequences. The VA represented a conscious effort to work together so as to make the sum of those separate efforts have a much greater impact. As there was to be no new money put into this agreement, funds from existing programs were used, though it does appear that Western Economic Diversification Canada (WD), one of the three lead federal departments (the other two were HRDC and Health Canada), did contribute funding that might not have been made available in the absence of the agreement. Underpinning the VA was a strategy with three components:

[the Vancouver Agreement] ... is regarded as a prime example of effective horizontal management within and between governments in an area of pressing public concern—urban poverty and decay.

— Community health and safety

— Economic and social development

— Community capacity building

To coordinate the activities of the several departments and agencies in relation to these three broad objectives, an administrative structure was put in place. This consisted of a policy committee, a management committee and a set of processes designed to engage the community directly in the setting of priorities and the setting and implementation of strategies and action plans.

The policy committee consists of the federal minister (WD), the provincial minister (Community, Aboriginal and Women's Services) and the Mayor of the City of Vancouver, or their designates. Since the agreement was signed all of the three original committee members have been replaced as a result of elections and cabinet changes. Nonetheless, the current three incumbents have continued the commitment of their governments. The Management Committee consists of nine senior officials; three appointed by each government, with the specific proviso that one of the provincial delegates would be a representative from the Vancouver Coastal Health Authority. The federal side is represented by the three lead departments—WD, HRDC and Health Canada. Of these three, WD has been the most prominent player and likely has assumed the most active role, both in launching the agreement and later in managing it.

Below the policy and management committees is a coordinating team with a small secretariat of seven staff, headed by an executive coordinator. Radiating from the coordinating team are 14 task teams working in areas ranging from Aboriginal youth unemployment to communicable diseases. Each team consists of one of the seven secretariat staff acting as facilitator plus two liaison persons per government.

It is at the level of the coordinating team and its 14 task teams that most of the work under the VA is conducted. The policy and management committees are less active. The management committee, for example, meets only bi-monthly. In both of these committees one problem has been the frequent use of alternates in place of the original members, thereby slowing decision-making and weakening continuity. But while the coordinating and task teams are most actively involved in the management of VA, there are problems here as well, relating mainly to the absence of mechanisms for speedy decision-making. Participants in the task teams frequently have to refer back to their own departments for instructions or approvals with respect to business plans, for example. This is a situation that frequently crops up in a variety of horizontal settings and is not unique to the VA.

By and large, a lot of the task teams lacked not so much the fiscal resources as the necessary authorities. The management committee was of only limited assistance in helping to resolve a lot of these interdepartmental dilemmas. It was also noted that subsequent to the grants and contribution controversy in HRDC, local officials in that department found themselves especially constrained in the way HRDC programs and funding could be tailored to fit the needs of the VA. The availability of toolkits and templates for horizontal management through TBS and other sources appears to have been of limited use in helping to resolve the gridlock among the task teams in dealing with conflicting departmental criteria. It was observed that these tools were not considered to be sufficiently accessible, user friendly, or well known. It also appears that in some ways the problems were more fundamental: that is, there was need for a culture shift at departmental headquarters that would allow and encourage the use of such tools.

One solution could have been to give the coordinating team and secretariat an expanded role with more authority and resources. One participant, however, noted an interesting dilemma: if a coordinating secretariat had insufficient resources and authority it would likely not have the capacity to

effect the necessary coordination; however, if the secretariat were given much more staff, including staff with sufficient seniority to resolve some of the blockages at a higher level, then the initiative ran the danger of isolating itself from the participating departments. In other words the departments, believing that since the secretariat and its ample staff were taking care of problems as they arose, no longer needed to worry about working horizontally.

Some of the problems facing the VA were internally generated. However, the largest problem resided in dealing with both departmental headquarters and central agencies in Ottawa. There was a sense of a profound disconnect between the horizontal nature of projects on the ground and the program criteria and requirements of departments. In the case of HRDC, for example, requests for funding support had to be cast in terms of support for the disabled or for youth, criteria which were often not suited to the specific characteristics of the urban populations the VA dealt with in the Vancouver Downtown Eastside. It was noted that cabinet approval was fairly easily obtained, largely because initially there was no incremental funding attached to the VA. Nonetheless, it proved to be much more difficult than anticipated to use existing departmental program funds to support VA projects. One lesson appears to be, therefore, that terms and conditions of existing programs do not easily lend themselves to the flexibility required to effectively address the complex problems of situations such as the Downtown Eastside in Vancouver.

In response to the query as to whether an initiative such as the VA was ultimately worthwhile, one participant stated that in the final analysis it could well be that the costs outweighed the benefits. The costs were mainly associated with the considerable time spent in the numerous meetings and extended time frame necessary to gain the necessary approvals from the different departments. It was noted that many of the activities that took place under the rubric of the VA would likely have taken place in any event. Furthermore, prior to the VA there was already considerable informal coordination between departments and across governments. However, one key difference made by the VA was that a good portion of the funding spent by WD on the initiative might not have been available in the absence of the VA. Even though the WD funding in question came from existing programs, local WD officials had to persuade the department to accept quite a different definition of economic development, an argument

that was ultimately accepted because the minister in charge of WD at the time was strongly committed to the VA.

One of the problems relating to both the cost-benefit calculus and the accountability framework concerns the difficulty in measuring outcomes. Since most of the projects to date have been relatively small in scope, it would be very difficult to point to instances of discernable improvement in conditions in the Vancouver Downtown Eastside. This is largely due, it should be stressed, to the many factors influencing conditions in the area. It was suggested that the rigorous application of a results-based accountability framework might show that over the three years of the VA relatively little has changed. On the other hand, the Downtown Eastside has lately been showing signs of improvement, some of which could be attributed to improved coordination and collaboration among the three levels of government—coordination that has been much strengthened through the VA.

In addition, the federal and provincial governments have recently agreed to commit $10 million each to the Vancouver Agreement. This commitment reflects, in part, the difficulties governments have had obtaining and coordinating incremental funding from existing programs for the Downtown Eastside. The $20 million will be applied to projects identified as priorities further to the Vancouver Agreement strategic plan. The investment of this $20 million should further improve conditions in the Downtown Eastside.

Furthermore, there was much that is innovative in the VA. WD broke new ground, for example, by incorporating a population health model in its approach to economic development, essentially arguing that before one can talk of creating economic development opportunities the population in question needs to be sufficiently healthy to take advantage of those opportunities. In making this argument, however, local WD officials encountered some resistance by federal officials within and outside WD. At the same time, the multi-pronged approach to addressing the health of those in the Downtown Eastside is also what secured the support of key officials in PCO responsible for social policy at the time. The success in drawing a link between economic development and population health was the result of local WD officials championing the idea. As has been made clear in other recent works on horizontal initiatives, the role of champions at various levels is critical to the success of such projects.

Analysis: Up to the Task?

Our interviews and our analysis of the cases raise a number of issues. For example, at fairly fundamental levels, there appears to be a lack of trust in the efficacy of available tools, in the support and guidance from the centre, and in the capacity of the basic accountability framework to take appropriate recognition of horizontal work. It suggests that the federal government may not be wholly up to the task of dealing with horizontal issues.

In the following section, we consider such issues in greater detail.

Catalysts and Champions

As in previous studies of horizontal management, our interviews and case studies highlighted the importance of champions as catalysts—people in departments and agencies capable of and willing to take the lead and help sustain collaborative efforts. The importance of having a strong deputy minister committed to greater horizontal coordination was mentioned in several interviews. In the case of the Vancouver Agreement, the role played by key officials at Western Economic Diversification Canada (WD), in keeping the initiative going and bringing the participating agencies together, was clearly identified as an important factor. The willingness and ability of those officials to advocate and defend a "population health approach" to urban development, an approach better suited to rally the different participants around common objectives, even against the dominant culture of WD, was also presented as an important mark of leadership on this file. With respect to the Urban Aboriginal Strategy (UAS) case, several interviewees also mentioned the important contribution of a few key officials both, at the national level, within the PCO Federal Interlocutor for Métis and Non-Status Indians Division and, at the local level, the regional departmental heads involved in local urban Aboriginal strategies.

The injection of direct funding at crucial stages was also certainly important. The money available under the Climate Change Action Fund was one of the incentives that fostered greater interdepartmental collaboration through the Climate Change Secretariat. In the case of the Vancouver Agreement, financial

support from WD was a critical factor leading to a formal agreement among the three levels of government. The UAS really only became viable when the February 2003 budget provided it with direct funding of $25 million.

What needs to be underscored, however, is the coincidence of a number of catalysts involved in moving horizontal initiatives along. In the case of the UAS, for example, this was accomplished not only by the funding, drive and pressure on the part of the UAS Secretariat, but also through the report tabled by the Task Force on the Coordination of Federal Activities in the Regions. This report recommended the support of a number of pilot projects and the UAS provided an ideal vehicle for that purpose.

Finally, we should also mention some of the factors that are not necessarily conducive to triggering collaboration between departments. In the case of NRCan and EC, for example, acceptance of the importance of taking action on climate change may actually have increased the tensions between the two departments. Horizontal coordination often means departments intruding on each other's policy space, which can then lead to resentment and more competition. Thus, while a number of factors can account for the initiation and successful conclusion of horizontal projects, a slightly different combination of those same factors could have different consequences. Since personality and leadership, in particular, play such a critical role, and since the chemistry prevailing between individuals can make or break any given initiative, the outcome in such cases is highly variable.

Costs and Benefits

During our interviews, we asked public servants to describe the process that led them to attempt to put in place more extensive mechanisms and processes of horizontal coordination than those supposed by the normal cabinet decision-making process. In particular, we asked whether the decision to work more horizontally was driven by a careful assessment of the potential costs and benefits associated with doing so. Generally, while everyone acknowledged that horizontal management bore costs that were often underestimated, respondents were quite reluctant to think about horizontal management in cost-benefit terms.

First, the idea of a cost-benefit calculus, even very broadly defined, was largely dismissed as idealistic and unrepresentative of what happens in practice. According to many interviewees, the necessity for greater horizontal coordination is largely dictated

by the nature of the policy problem. By their very nature, some issues, such as urban regeneration, improving the social conditions of Aboriginal people living in cities or fighting climate change, make more extensive interdepartmental coordination an absolute requirement for effective government intervention. Departments or central agencies come to believe that, without effective interdepartmental coordination, it will not be possible to achieve significant results. Effectiveness, not efficiency, is the prime driver.

One interviewee also stressed that in certain cases, substantial horizontal coordination can be a political necessity. For some policy proposals, "you require more extensive forms of interdepartmental collaboration and consultation with other departments than what would be typical for writing a memorandum to cabinet. Otherwise, you are seen as playing into someone else's turf and you would get blocked at cabinet by the other departments that have a stake in what you are doing." In this sense, the decision to engage in more extensive horizontal processes does not result from a careful consideration of the benefits or the costs entailed; it is simply considered to be the only reasonable course of action to achieve more significant results in those complex files.

However, cabinet and central agencies, especially the Privy Council Office, are seen or prove to be key catalysts in initiating horizontal initiatives. Despite a broad consensus that the nature of some policy issues demands a horizontal approach, the organizational culture and the management frameworks are not seen as being conducive to extensive interdepartmental coordination. In practice, the authority of cabinet and central agencies often remains crucial for prompting people into action and keeping the process going.

What needs to be underscored, however, is the coincidence of a number of catalysts involved in moving horizontal initiatives along.

Finally, an additional factor that militates against any serious attempt at a cost-benefit calculus is the sheer difficulty of measuring many of the costs and benefits associated with more collaborative practices. As an interviewee involved in the UAS argued: "How do you measure the value of having a better working relationship with the provinces and Aboriginal organizations as a result of getting

our act together? How do you compare that with what might have been if the departments would simply continue to do their own thing? How would you really decide if the added time and efforts of working more together is worth it? At some point, I think that you have to believe in the value of a more collaborative approach and invest in making it happen. [...] There is no doubt that there are sizeable cost savings for the government in spending program money in a more coordinated way. There is less duplication. By pooling your money, you can have a bigger impact on some projects than if you spread it too thinly. But can you really show this in advance?"

When questioned in more detail about the potential costs of horizontal coordination, most interviewees identified as the main cost the time that had to be invested in long series of meetings and discussions. As one interviewee put it, "You get more buy-in, more credibility and support for your policy but, on the other hand, you've wasted a lot of time before anything gets done." Another one stated, "You hear a lot of people who don't have much to contribute. The main cost is wasted time."

While most agreed that horizontal processes were often time-consuming, there was disagreement on whether the time invested was generally worth it. As suggested by the previous discussion, most interviewees expressed the view that better coordination would ultimately yield more effective policy interventions. For example, one interviewee argued that, generally, the time invested at the beginning of the process for people to learn to trust each other and understand other departments' viewpoints tends to yield important benefits down the road through better programs and policies. In fact, this respondent emphasized the fact that people tend to expect quick results while meaningful collaboration among many organizations on very complex issues is bound to require a long process.

Other interviewees, however, were more concerned about the costs of horizontal management. "Despite all the talk about horizontal management, the incentives for departments to work across departmental boundaries are not great. It's a lot more time, more hassle, and your position gets diluted because you have to compromise with the other guys. I'm not sure that it's always worth it," said one interviewee. Another one made a similar case: "I think there is too much emphasis on horizontality. Often, it is just a 'talkfest.' At the end of the day, you haven't accomplished much. Too many departments that

have little bearing on the bottom line get to be invited at the table. I think that we should focus on what I call 'light horizontality': we should proceed only with those initiatives that are focused and problem-driven. Not everyone is invited at the table. Only those who care to get involved and who need to be there. For the rest, it often ends up to be a waste of time for little action. Horizontality just to hear everyone is not worth it." Finally, one interviewee, referring to the development of the Vancouver Agreement, explained: "At one point, it struck me that the costs and frustrations of doing this outweighed the benefits. It is likely that the three governments would have delivered many of the same programs for roughly the same amount of money. The only difference is that WD would likely not have put in the extra money it gave because of the formal agreement." Overall, several interviews showed that the delays and frustrations make many participants wary of striving for greater coordination.

While most agreed that horizontal processes were often time-consuming, there was disagreement on whether the time invested was generally worth it.

The need to compromise on what one may think to be the best policy is another potential cost raised by some of the interviewees. One public servant who was involved in the development of the Innovation Strategy gave the example of the divergent views of HRDC and Immigration Canada on what needed to be done on immigration policy to contribute to innovation and productivity. While HRDC viewed the socio-economic integration of immigrants once arrived in Canada as the priority issue, Immigration Canada insisted on the need to continue to emphasize international recruitment efforts. According to our interviewee, HRDC finally yielded to Immigration Canada's view in order to get its buy-in but felt that this part of the strategy was poorer as a result.

Tools and Resources

With respect to the availability and usefulness of tools to helping public servants practice horizontal management, many interviewees were also critical. Over the past few years both CCMD and TBS have produced guides such as *Managing Collaborative Arrangements: A Guide for Regional Managers* (Ottawa 2003), which offer guidance and templates on topics

such as financial arrangements, communication strategies and the documenting of collaborative arrangements. However, some interviewees argued that, while the tools exist, they are not well known to most managers and that many managers are reluctant to use them. According to one interviewee, "some tools are available but there are not many, certainly not enough." Several interviewees also suggested that much work remains to be done to make the tools truly accessible to managers. One interviewee argued that the toolkits for horizontal management appear useful but that they are not sufficiently known or sufficiently user friendly for managers to make extensive use of them. The interviewee also gave as an example the development of a common website for a client group that required the preparation of five separate business plans, one for each participating department. Clearly, this respondent suggested, there remains much work to be done to disseminate available tools and encourage their use in horizontal projects.

The recent experience of the UAS demonstration projects also provides some evidence of this problem. In order to prepare an interim report on these projects for the Clerk, the PCO division leading the strategy interviewed close to forty managers from ten different departments involved in those three local urban Aboriginal strategies. When asked about the accessibility and appropriateness of existing tools for horizontal management, more than three-quarters of them said that the tools were not accessible. There was significant support for more workshops offered by TBS and similar agencies to ensure that managers are aware of existing tools.

In addition to the question of their availability, criticism was also aimed at the adequacy of existing tools. One interviewee argued: "I think that the report of the Task Force on the Coordination of Federal Activities in the Regions was a bit misleading on this issue [of availability of tools]. It seemed to suggest that culture is the main problem. Yes, it's true that many of the tools exist but to move from talk to action can be a problem. Some of the things that can be done end up being more complicated than they should be." The consultations held recently with managers involved in the UAS demonstration projects heard similar viewpoints. Many managers interviewed suggested that work should be done on improving the existing tools and that, more importantly, there is a need for simplifying the existing processes.

The joint Urban Aboriginal Strategy Terms and Conditions for grants and

contribution funding seem to offer a good example of the difficulties of developing and implementing new tools. While interviewees presented the new protocol as a significant step forward that would facilitate the pooling of money and simplify the joint funding of community projects, they also clearly indicated that the process for developing this mechanism, in collaboration with the Treasury Board Secretariat, "was long and difficult...." "We were first told that it could not be done. Then, when we insisted, we slowly worked to make it happen. But it was a bit like pulling teeth," said one of our interviewees. Another interviewee shared these views, adding: "I think that it made a difference that our minister and the Prime Minister were solidly behind us to make this happen."

Moreover, the end result may also prove to be relatively complex for departmental managers to operate. In order to preserve the proper lines of accountability, the funded organization will have to respect only the UAS terms and conditions and submit just one final report, contributing departments, however, will each have to review the final report and account for the results linked to their portion of funding through their plans and priorities reporting process. Again, while the creation of the common UAS terms and conditions are seen as a very promising development for improving horizontal coordination on urban Aboriginal policy, experience shows that the practical difficulties in implementing such tools require substantial investments in time and resources as well as enduring commitment.

On the issue of resources, several interviewees have stressed the need to allow for appropriate resources for the coordination of horizontal initiatives. For example, when a large number of departments are involved the costs associated with the collection and distribution of information and the organization of events, while not excessive, can be substantial and are often underestimated. However, one interviewee associated with the Vancouver Agreement case also raised the possibility of a dilemma with respect to the funding of a large secretariat. There is a danger, it was pointed out, that, when a horizontal file becomes the responsibility of a relatively large and well-resourced secretariat, collaborating departments will disengage from the process because of the belief that a new horizontal organization has taken responsibility for this dimension of their policy problem.

The Role of Central Agencies

The case analysis has confirmed the important role that must be played by central agencies in generating and

sustaining more extensive interdepartmental coordination on horizontal policy files. The predominant culture of the public service as well as the accountability framework in place does not provide an organizational environment that is conducive to extensive interdepartmental coordination and collaboration. Consequently, even in the presence of good will by some of the key departmental officials, the active intervention of central agencies is generally perceived to be essential. Central agencies must play their role on at least two levels. They have a key role in establishing horizontal initiatives, and they should also offer direct assistance to the collaboration and coordination processes.

Central Agencies as Catalysts of Horizontal Initiatives

Without necessarily rejecting the argument that at the theoretical level some policy issues require more extensive coordination by their very nature, several interviewees preferred to emphasize the key role played by central agencies. As one interviewee observed, "Let's be honest, the main reason people engage in horizontal work is because they are told to do so by their bosses, and the deputies and the assistant deputies themselves get the signal from the centre". Another interviewee argued that, despite the official rhetoric and the clear signals coming from the Clerk and some deputy ministers, there remains a fair degree of cynicism and scepticism about horizontal management in the federal public service. "I would argue that most people do not think that the executive level is serious about it. The attitude is that it is 'flavour-of-the-month' stuff and that it will soon go away, that there is no serious expectation at the top that you have to do it. I think that, unless there is some kind of 'big bang,' some more drastic measure to send the signal that this is serious, we won't be making significant progress."

Certainly, the cases examined for this study serve to highlight the determinant role played by central agencies, the Privy Council Office in particular, in setting horizontal initiatives in motion. For example, despite the necessity of a horizontal approach to innovation policy, the more extensive attempts at interdepartmental coordination were clearly the result of the Privy Council Office exercising its authority to tell HRDC and Industry Canada to work together and with other departments. Similarly, in the case of the Urban Aboriginal Strategy, the original impetus came directly from ministers and, in the most recent phase, the direct involvement of the Clerk in bringing departments to work together was seen as an important element of the process.

In fact, even beyond the initial stages, most interviewees have stressed the crucial leadership role that must be played by central agencies for extensive interdepartmental coordination to succeed. One interviewee put it this way: "We can invite other departments to comment on our policy proposals and invite their views on what needs to be done. But, in the end, most horizontal work will mean that hard choices will have to be made about what is authorized or supported and what will go forward. The departments cannot make these choices themselves. Central agencies have to be involved because they have the authority to force some sort of resolution." Another one argued that "strong leadership from central agencies is crucial and a strong deputy can also make a big difference." An interviewee from the Treasury Board Secretariat also underscored the key role played by central agencies. Recounting the development of a horizontal initiative that this respondent found to be successful, the interviewee pointed out that the lead department relied on TBS to help coordinate the interdepartmental discussions because without this some departments would simply refuse to collaborate. On the climate change file, one interviewee pointed out that Environment Canada and Natural Resources Canada had difficulty exercising leadership because "they were just line departments like everybody else."

The case analysis has confirmed the important role that must be played by central agencies in generating and sustaining more extensive interdepartmental coordination on horizontal policy files.

The Centre's Capacity to Coordinate

While there was wide agreement that central agencies had an important role to play in interdepartmental coordination, there was less agreement on the nature of their role and their ability to perform it. In fact, in some of our case studies, interviewees were quite critical of the performance of central agencies. One interviewee was particularly critical of the Privy Council Office's approach to horizontal coordination, describing it in this way: "It is, 'we expect departments to do [horizontal coordination]. In the end, in the final analysis, if we think that you didn't do a good job, we'll [cancel your project].' But they don't actively help you to do it." Another interviewee, referring to the development of the Innovation Strategy, laid a lot of the blame for the difficulties experienced on the Privy Council Office and the

Department of Finance: "During the actual work, we felt an almost total absence of support and leadership from the centre. [...] Finance and PCO might have been concerned that the strategy was turning into a wish list but they did not do anything to allow it to happen otherwise."

A significant part of the discussion around the role of central agencies concerned their capacity to coordinate as well as the distinction between the process and substance of horizontal coordination. Some of our interviewees from the line departments argued that the central agencies could not do a good job at more extensive policy and program coordination unless they agreed to be more involved with the substance of issues. As one interviewee put it, "To be effective at mediating between departments in policy debates, or to challenge them on how best to coordinate their policies, or even to play an arbitration function, I think that you have to be able to engage departments in a significant way on the substance. The Privy Council Office or the Treasury Board Secretariat often don't want to get their hands dirty with the substance or simply do not have the capacity to do so." He later went on to say: "I think that the central agencies should select a few issues, which the government considers top priorities, and on which they want to push for more extensive horizontal coordination. And then they should invest in acquiring the capacity to get more deeply involved in the substantive debates. They would probably have to borrow people from the departments with the expertise or get help from outside. But if they had more capacity to deal with the substance, they would also bring more value to the coordination process."

The limited capacity of the Privy Council Office for substantive coordination was also apparent in the case of the Urban Aboriginal Strategy. As pointed out in the previous section, after the cabinet approval of the strategy in 1997, it soon became apparent to the UAS secretariat that they would lack the capacity to effectively coordinate specific urban strategies. Their lack of organizational presence in the regions made them turn to the federal regional councils, which, while providing important forums for discussions, were also lacking the required resources to coordinate. As a result, both in the first period of the UAS and in the case of the more recent pilot projects, PCO had to designate Western Economic Diversification and HRDC as lead departments. Moreover, the early years of the UAS seem to suggest that the authority of a PCO secretariat was not sufficient in generating adequate coordination on the ground. The lack

of dedicated funding appeared as a weakness of the strategy. In the second phase of the UAS, the Federal Interlocutor for Métis and Non-Status Indians division of the PCO will use the dedicated funding granted by cabinet to entice departments to collaborate on joint projects in the context of the different urban strategies. The UAS money will mostly constitute seed funding and many projects will require departments to contribute additional funds out of their own budgets for the realization of selected projects. Overall, the changes in the approach of the UAS appear to be driven largely by concerns over the lack of capacity.

Interviewees also pointed out on a few occasions that cabinet and the central agencies were too transactions-based in their outlook. "Cabinet committees essentially deal in transactions. They deal with specific requests with a poor understanding of how the proposed departmental program will interact with other existing programs to deliver larger common priorities. Memoranda to cabinet make passing references to the Speech from the Throne and interdepartmental consultations but there is no serious consideration of coherent interdepartmental strategies to deliver on key government objectives," said one public servant from a central agency. In the same line of argument, another interviewee from a line department stated: "Quite frankly, PCO plays a challenge function that is not forward-looking." Another senior-level public servant argued that the only time that the Privy Council Office seems more effective in interdepartmental coordination is when the government faces a crisis and there is a need for a coordinated response. On the ongoing files and the longer-term objectives, the capacity to coordinate seemed to be lacking.

Overall, the discussion with interviewees about the role of the central agencies and their capacity to coordinate highlighted the fact that, while their authority is generally considered as a key driver of horizontal management, the manner in which this authority is deployed has so far not achieved the level of interdepartmental coordination expected on some of the salient horizontal policy issues facing the country. With respect to other key resources, such as the provision of funding, organizational capacity and expertise, the central agencies, especially the Privy Council Office, were often seen as lacking.

Accountability

Our interviews suggest that cultural barriers and accountability practices are both contributing to current

difficulties. Most of our interviewees believe that the traditional vertical lines of accountability create an environment that is detrimental to horizontal work. Even when administrative solutions are available to ensure that collaborative endeavours respect accountability requirements, traditional practices reinforce the view that public servants are essentially accountable for their own departmental lines of business. As one interviewee argued, "People simply don't have a corporate view in the public service. There is no sense that you should pay much attention, let alone expand considerable energy, to contribute to what is happening beyond your own programs. The accountability frameworks do not create incentives to do this."

While recognizing the importance of the traditional lines of accountability, and that it would be difficult and problematic to change them, some interviewees argued that more could be done to encourage accountability for horizontal results. Referring to the practices of the Alberta government, two interviewees emphasized the need for explicitly including horizontal objectives in executives' performance contracts, making achievement of results a meaningful condition for receiving part of their remuneration. The designation of a lead department for every horizontal initiative was also seen as an essential, even if limited, step that needs to be taken in order to instil a greater measure of accountability for these initiatives. However, it was also emphasized that such responsibility must be accompanied by the allocation of adequate resources for the development and implementation of horizontal initiatives. Adequate authority and resources are tied to accountability for results.

It should not be surprising that, with respect to dealing with the constraints of the prevalent accountability framework, the central agencies were often seen as contributing to some of the difficulties. In the words of one interviewee, "The Treasury Board Secretariat still offers a lot of resistance. We all talk about the need for horizontal management but, when it is time for action, there are always a lot of reasons why it cannot be done. There is a lot of rigidity; we need more flexibility in our thinking." Another interviewee, involved in the Vancouver Agreement case, also decried the fact that the departments were receiving mixed signals from TBS. While the Secretariat's division responsible for the federal regional councils was quite supportive of collaborative arrangements and encouraged more flexibility in accountability practices, other divisions of TBS insisted on very tight

conditions in the use of funding. Several interviewees also mentioned the impact of the HRDC grants and contributions controversies as a chilling factor contributing to a narrow and rigid interpretation of accountability rules both at the TBS and in the line departments.

While many interviewees were critical of the Treasury Board Secretariat, some of them also believed that TBS was increasingly conscious of the need to do better in helping facilitate interdepartmental coordination of policies. Certainly, in the past year, the TBS has shown a significant level of interest in horizontal management and has launched some initiatives in this area. Over the course of the year, it launched four horizontal spending reviews in areas such as biotechnology and public security, in order to assess the degree to which program spending could be better coordinated in those sectors. The Secretariat is also conducting data-gathering exercises in order to improve the information available for decision making in some horizontal policy files, such as water management and protection. In particular, this data gathering will serve to assist the work of the Coordinating Committee of Deputy Ministers on the Environment and Sustainable Development, in part in response to criticism by the Commissioner that such information was lacking.

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Finally, and perhaps most importantly, TBS is playing a greater role in the active coordination of some horizontal policy files. As we saw in the case description, TBS is playing a significant role in assisting in the coordination of interdepartmental efforts on climate change. Through a series of interdepartmental meetings, the Secretariat is helping develop a common strategy for ensuring accountability for results on this file. In particular, it is seeking to reach consensus on common definitions of results and to develop an integrated reporting strategy.

These efforts are particularly important. As noted earlier, the Climate Change Secretariat incurred the criticism of both the Auditor General and the Commissioner of the Environment and Sustainable Development in 2001 for what was considered to be ineffective accounta-

bility practices. The same year, the Commissioner of the Environment and Sustainable Development also complained that the reporting to Parliament on climate change was fragmented and buried in the other information provided by the two departments through the estimates process. The departments and the Secretariat, the Commissioner suggested, should report in a consolidated way to Parliament on the Climate Change Action Fund. The Secretariat in turn argued that the accountability framework and TBS regulations creates difficulties for properly accounting to Parliament on horizontal projects.

The Treasury Board Secretariat is also playing a more active role with respect to the Agriculture Policy Framework (AGF), in this case assisting Agriculture and Agri-Food Canada (AAFC), the lead department, in coordinating this initiative. The AGF is a horizontal initiative involving several departments with some impact on agriculture and for which Agriculture and Agri-Food Canada has been allocated dedicated funding. The department is responsible for directing the funding to other departments in the context of this government-wide strategy. TBS's assistance is directed toward making sure that participating departments demonstrate progress toward their agreed objectives in order to keep receiving their funding under the horizontal initiative. As one interviewee put it, "It helps keeping the departments' feet to the fire with respect to showing results and we bring more authority in this respect than Agriculture, which will be considered by others as just another line department."

In the case of both climate change and the agricultural framework, the Secretariat is playing a more active role than in the past in the coordination of horizontal files. As one TBS official observed, "I think that this is a major shift in practice—it is a more active role and it's a larger scale of efforts."

Lessons and Recommendations

The major theme arising from our review of the four horizontal initiatives, and particularly during the course of our interviews with those involved in these exercises, is the crucial role being played, or that should be played, by central agencies. A common sentiment is that agencies such as PCO and TBS play a critical role in initiating horizontal projects, in arbitrating between participating departments when they run into difficulties, in setting up the structures that allow departments to work together, and in determining the shape of the final result.

It is broadly recognized that an agency such as PCO is responsible for, and has a legitimate role in, operationalizing the government's policy agenda. This agenda, which increasingly encompasses issues of a horizontal nature, is given effect in the form of specific mandates and requests for two or more departments to work together to achieve outcomes in these horizontal policy domains, whether it be climate change or innovation. It is also recognized that TBS, for instance, has a responsibility for ensuring the integrity and probity of the government's financial management system.

At the same time, there is concern expressed that once initiated, agencies such as PCO lack the capacity to manage, support or monitor these horizontal initiatives. Among other things, it was noted that PCO appears to lack the capacity to engage departments on the substance of issues in any significant way and that cabinet and cabinet committees tend to be too transactions-based in their outlook. The absence of support and guidance on the one hand, and sudden intervention on the other—as people in both Industry and HRDC claimed happened in the case of the Innovation Strategy when PCO terminated the interdepartmental process—were seen by participants in both departments as illustrative of the contradictory and arbitrary behaviour of central agencies with respect to horizontal management and policy issues. In brief, there are significant questions centred around the nature of leadership exercised by central agencies. And while there are undoubtedly other important factors at play, these questions of central leadership raise concerns about the

Government of Canada's overall capacity to deal effectively with horizontal issues.

These sentiments and specific complaints suggest a need for a major revamping of the role of PCO and TBS when working with horizontal issues. At the same time, however, there is more than a grain of truth in the comment made by one individual in TBS, namely that there is a proclivity on the part of line departments to see the central agencies as the source of all problems, that it is all too easy to shift the blame for the inability of some departments to work together onto the central agencies. Furthermore, there is the point that, as coordinating agencies, there are distinct limits on the extent to which central agencies can acquire and manage the substantive expertise required to make meaningful interventions on various horizontal files. Officials in TBS noted, for example, that it would be almost impossible to ensure that their senior people are actively involved in the myriad of interdepartmental committee meetings taking place on any given day.

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They may well have analysts present at such meetings, but they would not be in a position to make decisions; typically they can only report back to their superiors in TBS. For TBS to have the capacity to involve itself more deeply in the management and decision-making of horizontal committees would require the doubling or tripling of its senior staff, with all the costs and management problems that such an increase would entail.

Finally, as suggested by comments about collective decision making by ministers, it is clear that the restricted, even awkward, role of central agencies ultimately reflects the dilemmas faced by the political executive, specifically cabinet and cabinet committees, in handling horizontal agendas. In at least two of the cases examined in this study it was clear that there were serious conflicts between ministers on the objectives, management and ownership of horizontal projects. And in the case of complaints that departments were not being fully cooperative or were unwilling to support particular initiatives, some of this behaviour may

well reflect the preferences of ministers, cabinet and perhaps also the legislature. In other words, it could be argued that in the absence of not only political support but also political leadership, there is only so much that PCO, for example, can do to support horizontal initiatives.

Lessons

There are two types of lessons we can draw: overall lessons collectively applicable to horizontal initiatives generally; and lessons applicable to central agencies.

General

To begin with the general lessons, the first point to underscore is that working horizontally is an enormously demanding activity. It demands time, especially staff time, and adds considerably to the paper burden and reporting requirements. However necessary it may be to address horizontal issues deemed crucial to the government's agenda, no organization or set of agencies should embark on horizontal endeavours without thinking through carefully the implications and costs. Typically governments use horizontal means to tackle issues in the absence of alternative means. It is very rare that governments have the luxury of comparing the costs and benefits of using a horizontal approach as opposed to a non-horizontal approach (i.e., having a single department or agency take responsibility). Rather, and increasingly so, an issue such as homelessness or global warming is seen as sufficiently compelling that a number of departments are asked to work cooperatively to tackle the problems at hand. This is not to say that cost-benefit considerations are absent. It is still important to ask whether the costs entailed by the project ultimately result in benefits worth having. Thus one of our findings is that generally there is a tendency to underestimate costs, particularly those associated with staff time and the impact on other programs and projects, which may suffer from the lack of attention. While TBS, for example, has produced guides and "lessons learned" (e.g., Canada 2003a) to smooth the way for future projects, all horizontal projects have their own unique complexities. And while there are now protocols in place to allow for the interdepartmental pooling of funds or the production of a single report, there are still formidable hurdles and paper burdens, such as reports and monies that need to be reviewed or accounted for not by one but by several departments.

While the current refrain is that departments and agencies need to think horizontally all of the time, we would instead recommend that

horizontal arrangements be entered into only after careful thought and an estimate of the costs involved. The intent here is not to discourage horizontal endeavours but to assess the opportunities, or the need for them, carefully and to plan on a variety of contingencies—including delayed time-lines and awkward compromises—so that the likelihood of a successful conclusion is much greater. At the same time, while an assessment of the costs and benefits is necessary, in most horizontal projects there will be serious measurement problems. Considerable flexibility on how one measures outcomes and costs, particularly the former, is almost mandatory. In at least three of the case studies the participants highlighted the problems involved in finding adequate measures and how some valued outcomes—improved working relationships with provincial governments, for example—do not lend themselves to direct measurement.

The second lesson is that the management of policy and operations always involves a careful balancing of competing interests and objectives.

Furthermore, authors ranging from Aucoin to Wildavsky have long pointed out the paradoxical nature of organizational activities where any action is bound to elicit a host of unanticipated reactions and where developments or solutions may well be counter-intuitive (Aucoin 1990; Wildavsky 1979). This applies perhaps even more so to the area of horizontal management.

To summarize, at least two myths ought to be dispelled: that horizontality will mean savings in both time and money, and that horizontality works best when there is convergence between departments.

In the case of the Vancouver Agreement there was the dilemma of maintaining a balance between having a secretariat sufficiently well resourced to function properly, yet at the same time be sufficiently low key so as not to lull participating departments into thinking they no longer had a direct responsibility for working horizontally. As noted earlier, a strong commitment to a horizontal project in the form of a well-resourced secretariat may well act as a disincentive for departments to work horizontally.

In the case of the Climate Change Action Plan and Climate Change Secretariat, convergence on the need for action on this issue between the

two primary departments—NRCan and Environment—in basic values and premises actually contributed to greater tension between the two departments. Environment in particular felt that NRCan was encroaching on its turf; that NRCan was taking over responsibilities, which rightfully belonged to EC. The lesson here is that seeming convergence may make cooperation more rather than less difficult and that strategies deployed in a cooperative relationship need to take these kinds of dynamics into account.

To summarize, at least two myths ought to be dispelled: that horizontality will mean savings in both time and money, and that horizontality works best when there is convergence between departments. Our findings indicate that for large-scale projects, working horizontally often requires additional funding, and that departments working in the same policy space may well engage in competition rather than co-operation.

Central Agencies

With respect to central agencies, it is clear that their presence is required in all phases of a horizontal initiative, whether it be in setting out the basic framework, initiation, implementation, ongoing support or monitoring. In all horizontal arrangements it is extremely rare that all partners are or remain as equal participants through the life cycle of such an arrangement. Typically, one department takes the lead or becomes the dominant player or main champion in the project. In the case of the Vancouver Agreement this was clearly Western Economic Diversification. The homeless initiative, a case not examined here but one frequently cited as a success story, has been managed almost exclusively by HRDC. In the case of the Climate Change Secretariat, its authority appears to be highly circumscribed, with controls over programming and implementation firmly in the hands of the two main departments—NRCan and EC. Simply having a department taking the lead or primary responsibility, however, may be insufficient. More often than not the support and, above all, the authority of central agencies may be required. We noted the example of Agriculture and Agri-Food Canada. This department is responsible for directing funding to other departments for agriculture-related initiatives as a means of implementing a government-wide strategy in this area. However, AAFC's authority alone was not sufficient to keep other departments' "feet to the fire." Treasury Board Secretariat plays the crucial role of ensuring that departments demonstrate progress towards stated objectives in order to receive further funding. We also noted the role played by TBS in coordinating departmental efforts on climate change,

primarily in helping to develop an appropriate accountability framework. And while the role of PCO was criticized for its interventions on the Innovation Strategy, the PMO was at the same time cited for its prompt and "substantive and useful" input into the process. The role of the different central agencies varies considerably, of course. But there is little doubt that their presence can be productive if not absolutely required. The question becomes what form that role should take.

Recommendations

Central Agencies

Here we will focus primarily on PCO, since it is the agency responsible for initiating and providing the mandates for major horizontal initiatives. In the case of TBS, its current initiatives on horizontal policy files—in the areas of expenditure reviews and improving information available to decision makers, including parliamentarians—directly deal with some of the concerns raised in connection with its support for horizontal management. On the whole, while the demands and expectations of line departments for more flexibility and support on the part of central agencies on horizontal issues may be unrealistic, it does seem that central agencies will need to take greater ownership of and responsibility for the results of horizontal initiatives. It is not fully sufficient to say that they will be held accountable only for the coordinating efforts, leaving responsibility for the actual outcomes to the line departments. It can be argued that mandate, framework, guidance and coordination all have a distinct bearing on outcomes.

Assuming the need for a greater role for central agencies, particularly PCO, there are three areas where improvements could be made for the more effective handling of horizontal files: mandate, authority and reporting, and ongoing support. In spelling out the mandate on any given initiative, there ought to be more detail on what departments are expected to do, particularly on substance and deliverables. A mandate letter, for example, can spell out the authority with which departments, or new structures specifically designed to manage the horizontal initiative, are to be endowed. Then there is the area of authority and report. The example of the CCS, where the head of the secretariat reported to both deputies and, at the same time, was not really fully plugged into the management team of either department, was seen as a weak link in the climate change initiative. Serious consideration should be given to secretariats headed by officials at the deputy ministerial level and, further, having such

officials report directly to the Clerk. Such arrangements would need to be limited in number—perhaps no more than three or four at any one time—and reserved for those horizontal issues deemed to be crucial to the government's agenda. The use of UK-style cabinet office units to handle "joined-up actions" is a further possibility, either in place of or in addition to dedicated secretariats separate from PCO. These units are responsible for managing not only the efforts of line departments but also the ministerial committees responsible for the "joined-up" areas in question (Marinetto 2003).

With respect to ongoing support, there would appear to be three areas: policy substance, financial and management procedures and accountability frameworks. While there are definite limits on the amount of policy expertise that agencies such as PCO, PMO and TBS can bring to bear on complex horizontal issues, there is a sense that central agencies ought to be more engaged in the substance of issues, not just at the beginning but throughout the process. Furthermore, this engagement would need to include the ministers of the departments or agencies in question. Without their understanding and support of, and commitment to, the substantive objectives of horizontal initiatives, the exercises in question run the danger of becoming a division of spoils between departments in support of primarily departmental goals. At the same time, it is clear that virtually all the horizontal initiatives had additional financial resources put into them and that these resources were used to entice departments to participate. TBS, for example, may want to be more strategic on the timing and release of funding to ensure that progress is being made or objectives met consistent with the broader objectives of the horizontal initiative. On the matter of accountability frameworks, there is a continuing need to reduce the paper burden and reconcile horizontal and vertical reporting requirements both on the direct participants involved in managing a horizontal project and the sponsoring departments. There may be something to be said for having horizontal reports and business plans reviewed, assessed or approved by a single entity as distinct from all the sponsoring departments.

Finally, there may also be need for a change in management style on the part of central agencies. Horizontal initiatives are very much about managing interdependent networks and coalitions involving not only internal government actors but also external partners and governments. Under these conditions, traditional command and control systems may be of

limited utility. Instead, those at the top may wish to rely more on the use of indirect measures, especially the use of financial incentives, continual monitoring, and ongoing consultation and engagement. Certainly one of the measures worth noting is one mentioned by a number of people interviewed for this study, namely, the need to incorporate much more explicitly in performance reviews and agreements the expectation that deputy ministers demonstrate their capacity to successfully manage and promote horizontal initiatives. While it is claimed that deputies are now judged much more systematically on their performance on horizontal files, this expectation is currently not spelled out in executive management agreements.

Line Departments

Line departments engaged in horizontal issues are the ones most likely to be affected by the "pulling against gravity phenomenon," that is, the vertical reporting and accountability requirements that tend to be the norm in all departments and agencies (Bakvis 2002). The pressure is most likely to be felt not at the top but at the middle levels of operational management and corporate services. As well, among those actually involved in horizontal projects, it is perceived that it is at the middle levels of departments where the blockages are most acute. There is a sense that in most departments horizontality is not taken very seriously at the operational level. There are four areas where improvements could be made.

First, there must be continuing development of accountability regimes that facilitate horizontal practices between departments, an area where TBS clearly is in a position to play a positive role. Second, as with central agencies in the case of large-scale projects, departments need to be strategic in choosing what horizontal issues they wish to embrace or incorporate in their policy and program planning, given that such issues are more demanding of staff time and will require more resources. Third, in the area of human resources, there ought to be more emphasis on recruiting those with an aptitude for horizontal work coupled with a recognition that, especially at the beginning stages of horizontal projects, it is often those with an entrepreneurial flair and some imagination who do best. More mature stages of such projects require those with a talent for creating a stable base coupled with good financial management skills to ensure the long-term viability of the project in question. Overall, there needs to be more emphasis on building human and structural capacity, such as the development of negotiation and mediation skills to help in dealings with other departments and central agencies.

Fourth, departments might consider the creation of special units that are tasked with supporting horizontal initiatives undertaken by the department—support in the form of training or assistance in the use of horizontal tools and mechanisms, training in best practices, or assistance in creating a horizontal framework for the project in question—as well as helping to create a departmental climate or culture more willing to entertain horizontal solutions. With respect to the latter, one critical function is to educate the department as a whole on the dual nature of accountability—that in addition to being responsible for meeting the requirements of the department's accountability framework, there are also broader government-wide corporate responsibilities, of which one important component is the ability to work horizontally. Furthermore, just as in the case of deputies, job expectations and the prospects for promotion need to be linked directly to the need to show willingness and a capacity to successfully manage horizontal initiatives.

Overall

The most palpable finding in our study relates to the tension between line departments and central agencies over the implementation and management of horizontal initiatives. Reconciling the two sides or making recommendations for recasting their respective roles and responsibilities is no easy task. Even with the adoption of some of the suggestions made above—for example, more specific and concrete mandate letters—we suspect that there will continue to be suspicions between the two, if only because there is inherently an adversarial component in the relationship, such as the challenge function that PCO, for example, performs with respect to all departmental proposals.

The most palpable finding in our study relates to the tension between line departments and central agencies over the implementation and management of horizontal initiatives.

One recommendation is that both sides engage in a mutual exploration of roles and responsibilities with the aim of gaining better understanding of each other's perspectives and the development of improved procedures and protocols for handling differences between them. Such a discussion should take place in a neutral

environment conducive to stimulating constructive dialogue. A venue such as a retreat or a series of retreats moderated by an outside third party would be one such possibility. The specific topics to be covered might include: expectations as to leadership and resources provided by central agencies, protocols for structuring mandates and handling disputes between the two sides, a review of cases where there are evident problems, structures that could conceivably be set up within PCO and TBS for the management of horizontal initiatives, and ways to improve communications between ministers and their staffs and between the relevant cabinet committees, central agencies and departments. Such an exercise ought to be preceded by data-gathering on some specific points, the foremost one being the horizontal "tools" and their putative utility and accessibility, or lack thereof. A systematic survey covering the past two years on actual experiences in using these tools, their limitations and the results, would serve as a useful empirical backdrop for discussions. Similarly, concrete data on the number and changing nature of policy files (are there actually more horizontal files now than there were a decade ago?) and expenditures on horizontal initiatives would also be important.

With luck, the result of these discussion sessions as sketched above will be concrete recommendations that could be implemented in relatively short order and accomplished without extensive machinery of government changes. Also, with luck, there is a good chance that these recommendations will build upon some of the more recent innovations that TBS, for example, has introduced, such as the horizontal expenditure review process. As with any institutional and procedural changes, it is important that they be revisited within a specified period of time in order to see whether they did in fact constitute improvements over what was in place before.

Conclusion

Given the nature of contemporary policy issues and demands from the public, governments, and the departments and agencies working within them, increasingly have little choice but to work horizontally. At the same time, while the Government of Canada has accumulated considerable experience in dealing with a host of horizontal policy and operational files, many of the public servants interviewed for this study who were involved in some of these files expressed serious reservations about the capacity of the system to deal with horizontal issues in an effective manner. By "effective," the participants had in mind adequate support, consistent and good quality guidance and dialogue on the substance of issues, and, above all, strong leadership. The awkward nature of the government's accountability framework—which fails to give adequate recognition to the dual nature of accountability, corporate as well as departmental—was also cited as an impediment to being able to work in a flexible and expeditious manner on horizontal issues.

To be successful in implementing horizontal initiatives requires conscientious effort and commitment at all levels of the federal government, including regional federal councils, departmental headquarters as well as central agencies. Given the crucial role played by central agencies in managing the overall corporate framework, setting out incentives and creating a supportive climate for promoting the government's priorities, a strong commitment on their part is especially important. Ultimately, however, it requires the commitment of those at the very top—ministers, ministers of state and not least the Prime Minister himself. It is the political executive, above all, which is responsible for providing leadership and the requisite direction to central agencies and line departments.

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Appendix 1

Methodology

At the core of our examination of current horizontal practices in the Government of Canada are four case studies. These cases—the Innovation Strategy, the Urban Aboriginal Strategy (UAS), the Climate Change Secretariat, and the Vancouver Agreement—were chosen after discussions with participants in seminars organized by the Canadian Centre for Management Development (CCMD), academics and senior officials in central agencies. The cases selected can be seen as representative of the government's focus on a number of key horizontal issues which are of a significant scale and illustrative of the problems and successes of horizontal work at present. Once the cases had been identified, approaches were made to senior officials who were either directly involved or closely associated with the horizontal initiatives in question. The people interviewed were chosen primarily for their knowledge of the initiatives gained through their own direct involvement in them. We also interviewed officials in two central agencies—the Privy Council Office (PCO) and the Treasury Board Secretariat (TBS), both in relation to these four case studies and on related issues, including examples of other cases with which they were familiar. Consistent with the focus on horizontal relations within the Government of Canada, the interviewees were all federal employees. The total number of people interviewed was 21. The bulk of interviews took place from June to November 2003 inclusive, with additional follow-up interviews in February 2004. Those interviewed do not in any sense represent a statistical sample of the population involved in all horizontal projects of the federal government of Canada. Rather, they should be seen as individuals best positioned to provide information on the internal workings of the teams involved in these particular initiatives, and on relations between these teams, line departments and central agencies.

The interview schedules consisted of semi-structured questions designed to elicit both information and analytical comments on the issue areas noted above, such as the cost and benefits of horizontality, accountability requirements, the instruments, templates and tools used, and the experiences concerning collaboration between partners. The interviews

were confidential and not for attribution. One third of the interviews were conducted jointly, with the remainder done separately by the two authors. In writing up the four cases, in addition to the interview material we also relied on documentary evidence in the form of reports and assessments conducted both internally and by agencies such as the Office of the Auditor General, and academic work dealing directly with the departments or cases involved. Drafts of the four cases were then sent for comment, in most cases to those originally interviewed but also to a number of people familiar with the cases but not part of the original pool of interviewees. Individuals were asked primarily to check the case material for accuracy, recognizing that there would be some divergence in views and interpretation between different interviewees. A draft of the paper, including the four case studies and our initial analysis, but without the lessons and recommendations, was presented at a seminar organized by CCMD in November, attended by both public servants and academics. The authors also presented the same draft at a smaller session at the Treasury Board Secretariat. Comments received from participants in both sessions were helpful in making revisions and crafting the final section dealing with lessons and recommendations. As well, the authors received written comments from two anonymous academics and from a number of other reviewers. These comments were used to correct errors and as a guide in making the final revisions.

Appendix 2

Practical Resources for Working Horizontally

- The Government of Canada has a website on regional coordination. This site provides learning resources, information on rewards, valuable links, numerous references, and two guides for working horizontally:
  - — *Managing Collaborative Arrangements: A Guide for Regional Managers*
  - — *TBS Guide on the Development of Results-Based Management and Accountability Frameworks for Horizontal Initiatives*

  See http://www.tbs-sct.gc.ca/rc-cr/
- The *Final Report of the Task Force on the Coordination of Federal Activities in the Regions*, (June 25, 2002) provides practical recommendations to improve regional horizontal coordination. See http://www.tbs-sct.gc.ca/rc-cr/task_force_report/index_e.asp
- The Canada School of Public Service (CSPS) has a number of documents on its website that address the issues of horizontality and coordination. They include the federal government's 1996 *Task Force Report on Managing Horizontal Policy Issues* and two "how-to" tools that can be found at http://www.mySCHOOL-monECOLE.gc.ca ca:
  - — *Using Horizontal Tools to Work Across Boundaries: Lessons Learned and Signposts for Success*
  - — *Moving from the Heroic to the Everyday: Lessons Learned from Leading Horizontal Projects*

  CSPS also offers courses that address horizontality, including Leading Policy and Leading Service Innovation. Check the CSPS web site for registration information at http://www.mySCHOOL-monECOLE.gc.ca.
- An e-learning course on horizontality can be found at *Campusdirect* at http://www.campusdirect.gc.ca You will want to click on "Catalogue," then the "Organizational Environment," and then "About the Public Service." The course is called "Horizontal Management."
- The Ontario government has released two documents on working horizontally:
  - — *Partnership Strategy for Horizontal Initiatives—Partner Workbook*, April 2003
  - — *Partnership Strategy for Horizontal Initiatives—Partner Framework*, April 2003

  These documents are for

leaders who initiate and manage cross-organizational partnerships. They provide an approach and a series of tools for identifying, engaging and managing service delivery partnerships. See http://www.iccs-isac.org/eng/pubs.htm

"This publication provides a long overdue qualitative analysis of the management and accountability issues surrounding horizontal policy and program initiatives in the federal government. It challenges the view that horizontality is the most effective and inevitable method for improving policy and program development and delivery, particularly on crosscutting issues involving multiple stakeholders."

Cynthia Williams,
Assistant Deputy Minister,
Social Development Canada

"This is a fine piece of scholarly research that should be very helpful to both practitioners and academics. The conclusions are sound and flow smoothly and logically from the case studies and analysis. The cases are well done and provide a very effective way of explaining the several dimensions of horizontality."

Ken Kernaghan,
Professor of Political Science
and Management,
Brock University

"Horizontal policy development has, for the most part, been rightly preached and wrongly practised for several years at the federal level. These important case studies provide very useful insights for practitioners on what works and what doesn't. The publication also points to the need for more than regular sermonizing at the most senior levels of the public service, and to put in place management tools that reward horizontal outcomes in the broad public interest rather than more parochial outcomes in the departmental interest."

Andrei Sulzenko,
Senior Assistant Deputy Minister,
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